

NEWS SUMMARY

Dublin orders IRA off the air
The Dublin City Council has ordered the IRA to stop broadcasting from its headquarters in the city. The council said it was concerned about the safety of the public and the city's reputation.

Sterling, equities and gilts rise
Sterling rose 0.5 points to 1.6350, its highest level since 1975. Equities and gilts also rose, with the FT 100 index up 1.2 points to 229.24.

High water next year
The Government has announced that it will be spending £1.5 billion on flood defence schemes over the next five years. This is part of a larger programme to improve the country's infrastructure.

U.S. Treasury bill rates
The yield on the 10-year Treasury bill rose to 11.875 per cent, while the 30-year bill rose to 12.625 per cent.

COCA and coffee prices
The price of cocoa beans rose to £1,100 per ton, while the price of coffee beans rose to £1,200 per ton.

Shanghai plot
A plot to overthrow the Chinese government in Shanghai has been uncovered. The plot involved several high-ranking officials and was part of a larger campaign to destabilise the country.

Rel winners
The Nobel Prize winners for 1976 have been announced. The winners are in the fields of physics, chemistry, medicine, literature, and peace.

blast
A bomb exploded in a crowded area of London, killing two people and injuring several others. The police are investigating the incident.

the habit
A group of people have been arrested for carrying out a campaign of civil disobedience. They are accused of blocking traffic and disrupting public order.

by...
A man has been charged with the murder of a woman. The woman was found dead in a park, and the man is suspected of being involved in the crime.

Fraser, 55, Tory MP
The former Prime Minister has been elected as a Member of Parliament for the Conservative Party. He will represent the constituency of...

and his five-year-old
A young boy has been found in a state of distress. He was found alone in a park, and his parents are searching for him.

rates yesterday
The interest rates on various types of loans and deposits have changed. The Bank of England has announced the new rates.

EF PRICE CHANGES YESTERDAY
The prices of various commodities have changed. The following table shows the changes in prices for different types of goods.

Midland Cattle Prods.
The prices of cattle and other livestock have changed. The following table shows the changes in prices for different types of animals.

Bank
The prices of various types of bank shares have changed. The following table shows the changes in prices for different types of banks.

W. German bankers fear revaluation may not be enough

BY GUY HAWTIN, FRANKFURT, October 18

Revaluation of the D-mark in the European snake of jointly floating currencies was widely regarded to-day in West German banking circles as insufficient to ensure against another currency crisis. But the move was welcomed in so far as it prevented break-up of the snake.

Government and Bundesbank officials claimed this morning that the measures represented a sensible compromise. Most bankers were unwilling to comment officially, but most privately echoed the view of Dr. F. Wilhelm Christians, of the executive board of the Deutsche Bank—West Germany's largest commercial bank.

Speaking in Hong Kong, Dr. Christians offered the impression that they could prove too little, to late.

Objections

Some bankers believe that the West Germans were prepared to agree to a higher revaluation. But apparently there were objections from some of the partners in the snake—particularly Belgium, which is understood to have argued that a steeper revaluation would disrupt its vital trade with Holland.

The decision to defend the snake—seen here as a vital source of European economic stability—was greeted with enthusiasm. One bank official said: "At least the Government and the Bundesbank have shown that they are not prepared to let the animal die. They have rejected the doctrine of emergency slaughter."

The revaluation of the D-mark was welcomed in so far as it prevented break-up of the snake. But the move was welcomed in so far as it prevented break-up of the snake.

Bank sale of BP shares expected early next year

BY MARGARET REID

THE MUCH-discussed possibility that the Bank of England might sell the 44.88m-worth of British Petroleum shares which it bought from Burmah Oil last year has not been removed by Burmah's recent legal action to recover the holding.

In the City it is considered that, with the present strength of BP's share price, a disposal of the 20 per cent stake in BP might be carried out early in the New Year, given certain conditions.

Those might include a settlement with Burmah, which is suing the Bank from which it is still receiving financial help for the return of the shares at the original sale price of £17.9m.

The stake was bought in connection with the Bank's rescue of Burmah's early last year, and is now showing the Bank a profit of £31.7m.

Mr. Alastair Down, Burmah's new chairman, to-day tells shareholders in a letter that the Bank rejected Burmah's claim concerning the BP shares on October 5, the day before Burmah's writ against the Bank was issued. It is understood that the rejection had the Government's approval.

Mr. Down says on the realistic expectation that proposed arrangements over the Bank's shareholding will be completed, the Board is confident of completing its recovery programme within the framework of new assistance from the Bank of England.

In the first half of this year the group incurred a loss of £13.8m, before tax, compared with a loss of £12.6m, a year earlier.

BP itself has always been keen for the Bank's holding to be dispersed, so the British official shareholding in BP could be out from nearly 70 per cent to less than 50 per cent. It might also suit the Government, with its need to fund an £11.6m. Budget deficit in 1976-77.

Discussions in the City in the past year have envisaged the placing of most of the 77.8m. BP shares in question with institutions, but with the possibility that some might pass to Germany and perhaps Iran.

It is widely believed that there has been some diversity of view on the matter within the Government with Left-wing Ministers considering that the BP shareholding and the profit on it ought not to leave State hands.

In his letter Mr. Down lists the sale of various Burmah assets in North America, the North Sea, Europe and Australia. At the beginning of last year the company received £85.5m. (£35.5m.) of borrowing guarantees and a standby credit facility from the Bank of England. Mr. Down also reports that agreement in principle has been reached for Burmah and the State-owned British National Oil Corporation to set up a new company, in which their ratio of shareholdings would be 15:85 to law.

Swiss and Austrians follow lead

By Michael Blandon

TWO MORE European currencies, the Swiss franc and the Austrian schilling, followed the West German lead yesterday as foreign exchange markets adjusted to the week-end announcement of the revaluation of the D-mark.

Markets were unsettled after the news of the German revaluation, but the decision helped to reduce speculative pressures, particularly within the joint European snake, which had built up over previous weeks.

The German move helped the pound which, though outside the snake, had suffered from the speculation in favour of the D-mark. Dealers suggested that the Bank of England had intervened again in foreign markets to help sterling early in the day.

By the close of dealings in London sterling had gained 45 points to \$1.6550, while its average depreciation from December 1971 levels narrowed from 48.1 per cent to 44.8 per cent.

In New York sterling fell to \$1.6480 from \$1.6550. The re-alignment within the snake increased the value of the D-mark by 3 per cent, in terms of the Dutch guilder and Belgian franc, by 3 per cent against the Norwegian krone and Swedish krona, and by 6 per cent against the Danish krone.

The move was presented by officials in the leading snake Member-States as evidence of their determination to maintain the joint floating arrangements and as a contribution to restoring exchange market stability.

In the markets, however, it was felt that the change was not large enough to avert the pressures on rates for long and there was concern that speculation would revive in the fairly near future.

The importance of solving the recent difficulties was stressed by Mr. Willem Duisenberg, the Dutch Finance Minister. He said Britain and France had indicated that they attached great importance to continuation of the snake. The Netherlands Government continued on Back Page

Cancelled
Mr. Down says arrangements have been completed for the cancellation of two of the four ultra-large crude carriers which were to have been built in Taiwan and chartered to Burmah. It is intended that the other two, due for delivery in 1978, will be used by Burmah in connection with its Babaterra Terminal project, unless better opportunities are available.

There are still certain problems which could seriously affect the LNG projects if they are not satisfactorily resolved soon. These relate to the implementation of the agreement in principle reached with General Dynamics and to certain U.S. Government inquiries and investigations.

An additional problem is a law suit which has recently been filed by a U.S. citizen alleging fraud in connection with the application for U.S. Maritime Administration subsidies and financing guarantees, shareholders are told.

Burmah has repeated its earlier categorical denial that any fraud was involved in these applications, all of which were made in full accord with U.S. law.

Arab rivals on verge of reconciliation

BY ROD NEWMAN

JEDDAH, Oct. 18

As officially released, the key points of the Egyptian proposals are: 1—An immediate cease-fire and end to hostilities. 2—The withdrawal of all "regular and irregular forces" to their original positions in accordance with an agreed timetable (a provision apparently referring to all combatants including the Syrian Army and the Palestinian guerrillas).

3—Strengthening of the joint Arab peace-keeping force so that it has a deterrent capacity capable of separating the warring parties. 4—Supervision by the Arab League force of the Cairo Accords of 1969 between the Lebanese Government and the Palestine Liberation Organisation—under which the President Sarkis of Lebanon agreed to confine its military presence to the refugee camps and restrict its operations against Israel.

5—Direct talks between the Lebanese Government and the PLO to discuss implementation of the accords and their subsequent amendments. 6—Establishment of a round-table dialogue including all Lebanese factions under the chairmanship of Mr. Sarkis.

Our Foreign Staff writes: Despite the progress in the Riyadh talks, fighting between Right-wing Christians and elements of the Palestinian-Left alliance continued in the south of Lebanon and Beirut. Christian militia captured the barracks at Marjayoun, only eight kilometres from the Israeli border, according to Palestinian reports. The Left-wing Muslim faction of the Lebanese Army issued a statement saying that the Israelis had actively backed the assault from a Christian enclave only three kilometres inside the frontier.

Syria attacked, Page 7

After the German revaluation... The science ventures... A taxing problem... A Labour leader in the boardroom...

Spain's economy... U.S. election campaign... Indonesian investment... Motor industry...

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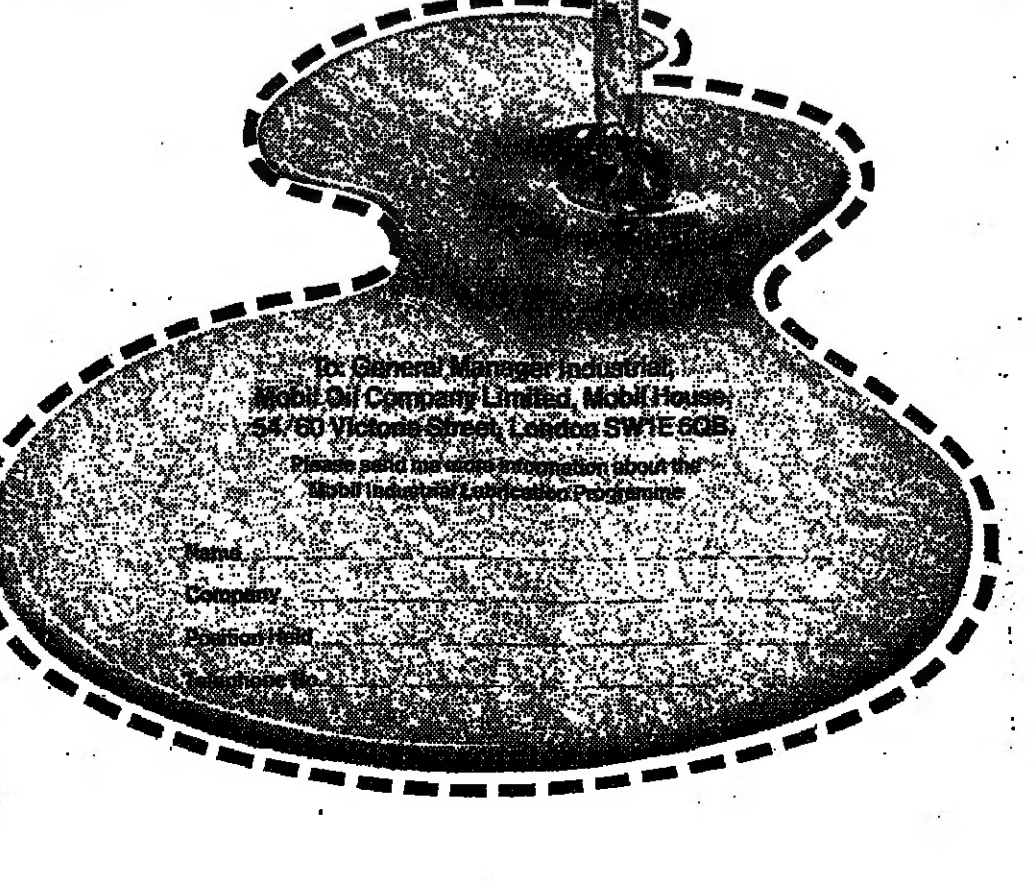
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Teachers welcome education debate initiative by Callaghan

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

TEACHERS' UNIONS' gave a from the National Union of Teachers, the combined National Association of Schoolmasters and Union of Women Teachers, and the National Union of Students.

The NUT and the NUS, however, made it clear that their contributions would centre on issues different from those raised and constructive role in society. Mr. Callaghan, speaking at Ruskin College, Cambridge, said public interest in education was strong and legitimate.

He indicated that the Government was not ready to replace present examinations with a single 16-plus exam.

The unions' loudly-voiced fears that the Prime Minister would propose some central control over schools' curricula and teaching methods gave way to congratulations on his efforts to start a national debate on education. Promises to participate came up its campaign against the

inclusion of education in public spending economies. "The Prime Minister says that much of the criticism about basic skills and attitudes could be due to industry's own shortcomings," Mr. Charles Clarke, president of the NUT, commented that "tinkering with school curricula" would not change the minds of students, whom he claimed preferred to go into State-owned industry rather than private enterprise.

Mr. Norman St. John-Stevens, Shadow Education Minister, claimed that the questions the Prime Minister was raising had been asked by the Opposition for years. Although welcoming the speech's emphasis on standards, Mr. John-Stevens was disappointed that Mr. Callaghan had not committed the Government to reintroducing national standards of literacy and numeracy. Report of speech Page 9

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EUROPEAN NEWS

SPAIN'S ECONOMY

A precarious balance

By Roger Matthews in Madrid

THE SPANISH economy is fast reaching the point where it must act as a rapid accelerator to the process of political change, or serve as a reason for checking the modest progress already made. For the past few weeks a swelling chorus of employers' organisations, Chambers of Commerce, and sectional interests have been demanding in ever more emotive terms that the Government should halt the progressive worsening of the economy.

They are rarely specific about what form this action should take, or when they have been, have rarely placed it in a wider context. At the same time labour organisations, illegal but with growing power, are formulating demands that apart from their political content—a level that might be socially desirable but are quite unrelated to economic reality.

Labour organisations, illegal but with growing power, are formulating demands that apart from their political content—a level that might be socially desirable but are quite unrelated to economic reality.

These already amount to less than half the country's imports. Until the rate of inflation is brought down a regular downward readjustment of the prices against other currencies is expected. This in turn, of course, is inflationary and the import bill is not capable of significant reduction unless oil is found in real quantities.

The term "Social Pact" has therefore become extremely fashionable in the past few months. Basically it means a way of reducing wage awards. But a Social Pact, if it is to have meaning, presumably requires something like free trade unions with properly elected leaders and a greater degree of social justice. However, the Government will not legalise the Communist Party, which effectively controls one of the country's major labour organisations. Greater social justice may be presumed to include more equal distribution of income that, in the interests of controlling inflation, should in the first stage come from collecting taxes already imposed on the better-off, rather than from granting increases of pay to the less well off. However, the Spanish Government, and the one it hopes will succeed it, are unlikely to find much enthusiasm for such a task. It is, therefore, difficult to argue with the assessment of Senator Joaquín Garrigues Walker, a leading liberal conservative, that a "hot autumn" began several months ago and will continue intermittently for as long as it takes to establish a fully democratic system.

Swiss trade balance slips into the red

By John Wicks

ZURICH, Oct. 18.

After having shown a cumulative surplus for most of this year, the Swiss visible trade balance for the first nine months has resulted in a deficit of Sw.Frs.160.8m. This is due to a continuation of the recent trend by which imports have been growing faster than exports.

Irish living cost higher

By Giles Merritt

DUBLIN, Oct. 18.

THE REPUBLIC of Ireland is Ireland are eroding that now an appreciably more expensive place to live than either Britain or Northern Ireland. This is in part due to the fact that in six Irish cities and compared with Dublin. Families in the Republic require an income 15 per cent. higher than their annual consumer price inflation rate is now running at a 16 per cent. average, against 15 per cent. in Britain and 14.9 per cent. in Northern Ireland. Upper-income bracket families in Ireland have been hardest hit comparatively, by the general increases in the cost of living. A family renting a semi-detached council house, without a telephone, and running only a very small car, now needs a yearly income of £3,418-19.8 per cent. more than a year ago. Further up the income scale, however, a family buying a five-to-six bedroom house on a 60 per cent. mortgage, with a similarly more expensive life style, would have needed a 30.6 per cent. rise in income over the past 12 months increasing property values in to £34,746.

Spanish PM accused of heading for Communism

MADRID, Oct. 18.

Right-wingers shouted "yes, Government No!" at Minister Sr. Adolfo Suárez after a memorial mass held by a prominent politician and Basque guerrillas earlier. The right-wingers, too, then elderly, also "democracy no, Franco yes" "you are leading us to communism," as Sr. Suárez and his Government is church of San Jerónimo. Madrid's Prado Museum mass was said for Sr. Juan de Aranda, a member of Council of the Realm, a highest advisory body. The mass was held by a group of Basque separatist troops in San Sebastián on Oct. 17. About 100 people sang Falangist hymn "Cara a la muerte" (Face to the sun) and fascist salute after the mass. Many of the Basque guards shot dead by the troops.

Swedish PM seeks nuclear assurance

By John Walker

STOCKHOLM, Oct. 18.

THE Constitution of the Union has asked for a nuclear assurance that the cost of the Forsmark nuclear station complex will be met. The question of nuclear was a major issue at the general election and the Government has said that it will continue to examine it to certain conditions relating to the safety of nuclear disposal of nuclear waste. There are about 2,000 engaged in the construction of the Forsmark complex and a meeting of the union management of the State board—the largest share in Forsmark—it was said that work would stop at the end of November if the Government did not provide further assurance.

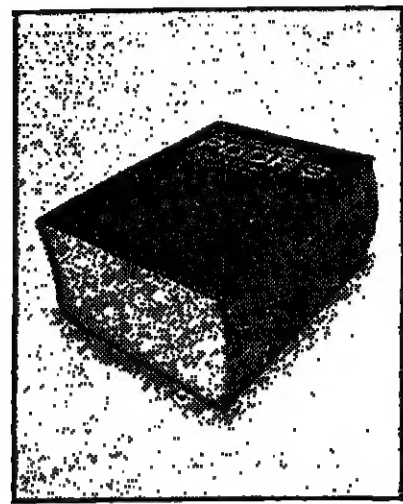
Brezhnev for Pact summit

BELGRADE, Oct. 18.

THE SOVIET Communist General Secretary, Mr. Leonid Brezhnev, may lead other European leaders to a summit meeting of the Warsaw Pact nations in Bucharest 1 November, the Yugoslav Agency said today. Mr. Brezhnev is expected to pay his visit to Romania just before summit meeting of the Council of the Warsaw Pact nations in Bucharest 1 November, the Yugoslav Agency said today. Mr. Brezhnev is expected to pay his visit to Romania just before summit meeting of the Council of the Warsaw Pact nations in Bucharest 1 November, the Yugoslav Agency said today.

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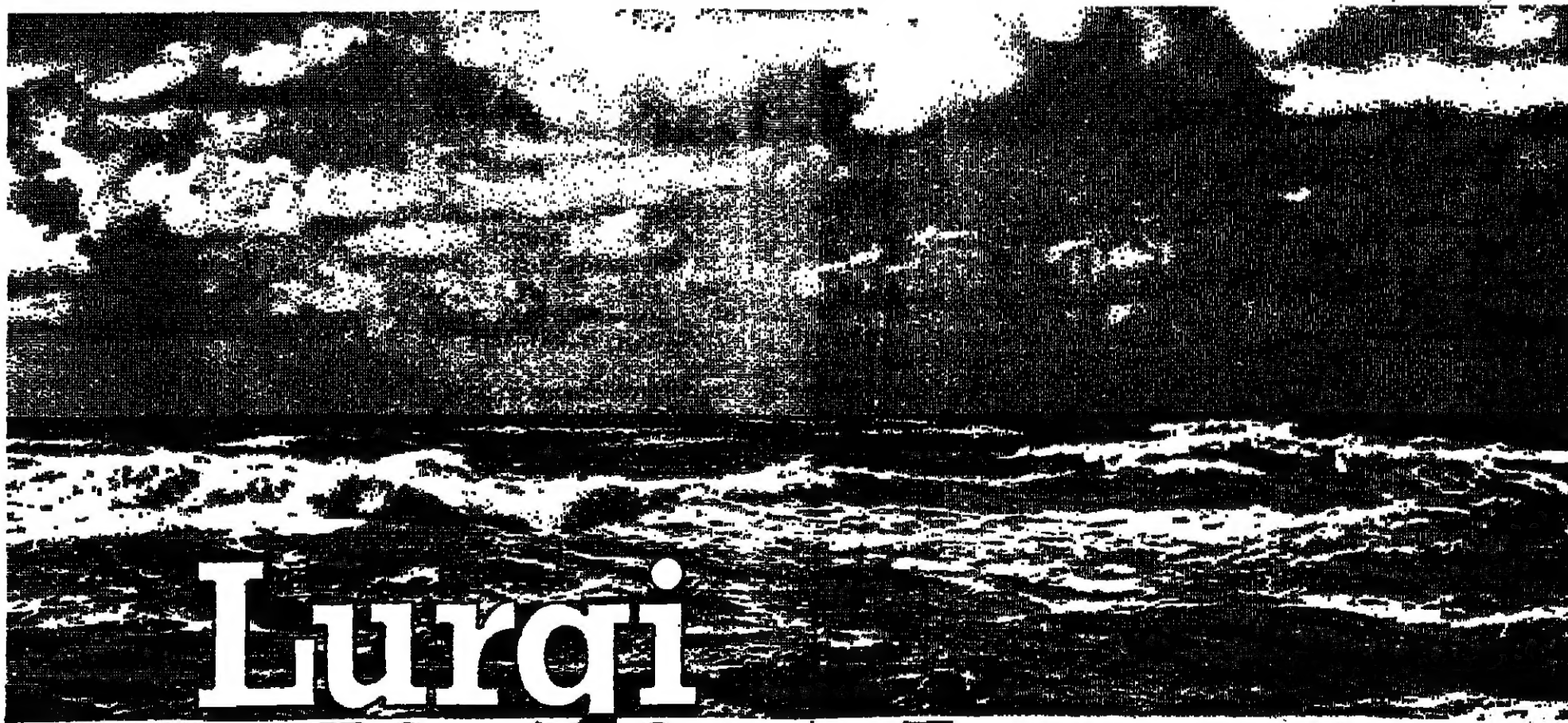
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E. Germans seek to emigrate

MOSCOW, October 18.

ital bank's convertible currency reserves available to support the currency if need be, amounted to around \$2m. A further \$500m. are available on request from the Bundesbank in return for further gold collateral, plus another \$50m. in short-term support from the currency market, while negotiations for a \$300m. loan from the IMF are due to continue in early November.

The Bank of Italy is expected to operate an elastic defence of the lira, the accumulated backlog is worked off, but it will be several days before a clearer indication of the market level of the lira is available. This afternoon, trading took place in the \$75-80 range.

Meanwhile, the *Bourse* suffered another decline of 2.6 per cent. today, following the 14 per cent. drop in average share prices last week which has brought Italian share prices to a new low. The *Bourse* analysts believe the decline would have been even sharper had it not been for support purchases by the central bank and the major companies themselves.

The latest estimate of bank lending, and the increase in the flat rate tax on dividends from 30 to 50 per cent. included in the austerity package announced over the last two weeks in an attempt to save the lira, are blamed for the decline.

been the subject of widespread speculation here since a story appeared in August in a London evening newspaper which said that Mr. Kossygin suffered a heart attack and nearly drowned while swimming in a river near his country home.

Tikhonov had been named to help lighten Mr. Kosygin's administrative load or even to replace him. During September 1964, when Ogorodnikov was signed by Mr. Kosygin appeared in the Soviet Press, and there were periodic hints passed that he would soon be back at work. Mr. Kosygin's appearance at the airport today, in apparently good health, indicates that he will probably present the final version of the 1965 Five-Year Plan at this month's meeting of the Supreme Soviet. Whether it also means that Mr. Tikhonov is in genuinely good health, or even that he was never ill, will not be known for some time.

Health problems of the ageing Kremlin leadership are never discussed publicly, and Western observers here will draw their conclusions on Mr. Kosygin's condition partially on the basis of indications that he is delegating to others some of his former responsibilities.

THE NUMBER of East Germans who have applied to emigrate legally to West Germany has been revised sharply upward by West German officials. The latest estimates, based on the number of emigration reunion applications in the East German mission in East Berlin, plus calculations of the numbers choosing to apply only to the East German Government, have led to a total of at least 90,000 East Germans currently undertaking to be discharged from their citizenship in East Germany. 5,000 more than last year. Close to 10,000 applications are currently being processed by the West German permanent mission in East Germany, involving 30,000 East Germans.

STOCKHOLM, Oct. 18.

BY JOHN WALKER

THE 1976 Nobel Prize for Physics has been jointly awarded to two American Scientists, Professor Burton Richter of the Stanford Linear Accelerator Center and Professor C. C. Ting of the Massachusetts Institute of Technology.

The 1976 Nobel Prize for Chemistry, meanwhile, has gone to the late William N. Lipscomb of Harvard University.

The two physicists won their prize for pioneering work in the discovery of a heavy elementary particle of a new kind. The Royal Swedish Academy of Sciences announced today that the two physicists will share the \$851,000 (\$386,000 prize money).

Professor Lipscomb won the prize for his studies on the structure of Boranes illuminating the problems of chemical bonding. The prize to Professors Richter and Ting arises from discoveries in the composition of the smallest components of matter—smaller than atoms and their nuclei, the Academy said in announcing the award.

During the past 15 years, many elementary new particles have been discovered which show a kinship with one another in groups of families. The new particle is something distinct, has formed the beginning of a new family and has opened up a fresh field of search for the smallest component of matter.

in connection with the proton machine at the Brookhaven National Laboratory, while Professor Richter and his team have been working on the connection to the linear electron accelerator, which is three kilometers long, at the Stanford Linear Accelerator Center.

In chemistry, it was not until Professor Lipscomb's work from the beginning of the 1950s, the Acquired, says that the puzzles of Boron chemistry could be satisfactorily solved.

Not only has Professor Lipscomb studied the pure, electrically neutral Boron chemical molecule, but he has also investigated charged Boron molecules, but in this and other molecules closely related to Boron molecules. Knowledge of the field, hovering Borones has been enormously enriched by Professor Lipscomb's work. At the same time, scientists have gained a deeper insight into the nature of chemical bonding. The value of the chemistry prize is also \$7,681,000, 198,000.

number of petitions have been sent by East Germans to their own authorities, covering between 80,000 and 120,000 persons. These leave-taking East Germans for the most part have no family in West Germany, and thus do not come under the East-West German agreement covering the reuniting of split families.

The number of East Germans applying to leave their country to the authorities in both East and West Germany, it had been assumed that, once the most urgent family reunion requests were solved, the applications would fall to a trickle.

Some West German officials believe East Germany may well be losing its last low-cost labour force, as the use of citizens who may travel to West Germany from the current retirement age for women and men. This could become a package negotiated with West Germany, and East German officials are said to hope it will reduce some of the pressure to emigrate to the West.

PARIS, Oct. 18.

more than put up petrol prices, increase road tax and smash up income tax.

Meanwhile, Georges Marchais, the Communist leader replying to attacks on the Left for increasing uncertainty with their plans for nationalisation, replied: "When it comes to economic wreckage, the Communist traitor is the man who spent 10 years as Minister of Finance and exercises the full power as Head of State"—referring to President Giscard d'Estaing.

The trade deficit widened by almost 50 per cent since September to Fr.3,350m., seasonally adjusted. The Government blamed the deficit on higher energy and food import bills. The trade figures would, any benefit the French Franc might have gained from the German revaluation. With day to day money rates staying at 12½ per cent the franc dipped against the dollar, Deutschmark, Swiss Franc and Florin.

The Dassault affair shot back into the headlines with a publication of the dossier by a former Chief Accountant of the company accusing Mr. Marcel Dassault of massive tax fraud. Mr. Dassault has described the charges as "false, although he had said that the tax and social fiscal authority insisted on such adjustment in the accounts of the Dassault property company."

The Gaullist-Centre coalition party are expected to muster the votes to block legislation against the Gaullists and to censor motion and vote against the Government safely home. While the Gaullists are still fretful about Government policies and are continuing their flirtation with the idea of a Wealth Tax, the new Finance Minister's annoyance they have little alternative but to sustain the Government's economic programme.

LUXEMBOURG, Oct. 18. THE EUROPEAN Investment Bank has granted a loan equivalent to 4,500m. lire (4.7m. units of account), for eight years at an interest rate of 9 per cent, to ENI—Ente Nazionale Idrocarburi. The funds will be passed on to SNAM, part of the ENI group, for works to increase the capacity of the natural gas distribution network in parts of the Italian mezzogiorno.

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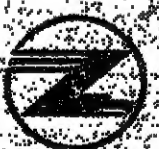
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Friday	16.35	Frankfurt	07.00
Saturday	20.05	No stop	07.00
Sunday	19.15	Rome	10.40



OVERSEAS NEWS

Lebanon peace hope dashed by Syria attack says Russia

MOSCOW, Oct. 18. Soviet Communist Party ordered a ceasefire by the troops of the Syrian Arab Republic in Lebanon, but the Syrian Arab Republic said it would not accept the ceasefire. The Syrian Arab Republic said it would not accept the ceasefire. The Syrian Arab Republic said it would not accept the ceasefire.

Progress at Riyadh as fighting rages

OUR FOREIGN STAFF. FIGHTING between Christian forces and Palestinian forces in the south of Beirut. Tension escalated here as well as in the capital, despite the progress made in the negotiations. The fighting rages on. The fighting rages on. The fighting rages on.

Philippines vote to continue martial law

MANILA, Oct. 18. FIRST RESULTS from the Philippines' week-end referendum showed today that nine out of 10 voters favoured continuation of martial law and granting broader powers to President Ferdinand Marcos.

Tough decrees announced in Thailand

BANGKOK, Oct. 18. THE ruling military junta today announced sweeping anti-Communist measures in Thailand similar to those once used in Vietnam.

Plot to take over Chinese city reported

A TOP Shanghai administrator was today accused in wall posters of organising a militia army of one million in an effort to take over China's largest city by force.

PEKING, Oct. 18. In the city administration. There have been huge street demonstrations in the city with slogans denouncing Chiang Ching as a dog which should be strangled, beaten and crushed.

Shanghai: radical changes

SHANGHAI has ultimately proved a brittle power base for Chairman Mao's widow Chiang Ching and her three radical associates. Although they all come from Shanghai and have many supporters there, the workers of Shanghai, who saw their hopes of higher wages and welfare payments vanishing in the new movement, went on strike.

although there was a partial move to do so in the early 1970s, it was never completed. Even so, Shanghai people are probably better off than most elsewhere in China. Every family probably has one or two workers in manufacturing or service industries. The rural communes on the fringes of the city have a vast market on their doorsteps for vegetables, meat, fish and eggs. There are acres of new housing estates.

Soweto blacks on new rampage

JOHANNESBURG, Oct. 18. NEARLY 700 blacks went on a rampage in the black African township of Soweto last night following the funeral of a detained 16-year-old schoolboy, police said.

ONESIAN INVESTMENT Revival of contracts

BY HAMISH McDONALD IN JAKARTA. Indonesian Government allow no tax holiday, set varying levels of royalties and provide incentives with potential for a taking-up of 30 per cent. in mining after the end of the first ten years of production.

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 - 4. In Australia.** There is the Euro-Pacific Finance Corporation in Melbourne and Sydney.

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Education should fit pupils for work, says Callaghan

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE PRIME MINISTER yesterday laid down that fitting the jobs required of them, children and students "to do a job of work" was as important as the purpose of education as equipping them for a life of constructive role in preferred to go into the academic life or go into the Civil Service.

By comparison with the teaching unions' strident advance comments on Mr. Callaghan's much-broadcast speech at Ruskin College, Oxford, his message seemed out to be gentle, even towards the unions, and occasionally direct and occasionally ironic.

"It is almost as though some people would wish that the subject matter and purpose of education should not have public attention focused on it, nor that the hands should be allowed to touch it," said the Prime Minister in reference to the past few days of continual protest. He recognised that teachers had a special place in educational discussions "because of their special professional knowledge and vocation." But public interest in the topic was strong and legitimate.

Mr. Callaghan also confirmed some of the unions' fears by indicating that the Government is not to institute their desired change to a single system of examinations in place of the present General Certificate of Education. Ordinary levels and the Certificate of Secondary Education.

It would not be right to make public debate, he said. "The new Secretary of State, Shirley Williams, intends to look at the examination system again, especially in relation to less academic students, staying at school beyond the age of 16."

The question of what was wanted from the 26th year education system could be answered by a quotation from J. H. Tavney. It was: "What a wise parent would wish for their children is that the State must wish for all its children." Mr. Callaghan plainly felt that there were numerous ways in which this wish was not now being fulfilled.

He was concerned to hear complaints from industry that school-leavers sometimes did not have

the basic educational tools to do in the right direction in these matters," Mr. Callaghan asked. "In today's world higher standards are demanded than were required yesterday and there are simply fewer jobs for those without skill."

Although denying his wish to become enmeshed in issues on which professional opinion is divided, the Prime Minister declared his own belief that there should be "a basic curriculum with universal standards" to form a set proportion of the timetable in schools generally.

He also half-revealed his own beliefs in spelling out areas in need of study because they were causing concern. "There are the methods and aims of informal instruction; the strong case for the so-called core curriculum of basic knowledge; next what is the proper way of monitoring the use of resources in order to maintain a proper national standard of performance; then there is the role of the inspectorate in relation to national standards; and there is the need to improve relations between industry and education."

The Government was expecting the Taylor Committee's report on the management of English and Welsh schools "that could bring together local authority, parents and pupils, teachers and industry more closely."

"The Secretary of State is now following up how to attract talented young people into engineering and science subjects; whether there are more efficient ways of using the resources we have for the benefit of young people between the ages of 16 and 18, and whether retraining can help make a bridge between teacher-training and unemployment, especially to help in the subjects where there is a shortage."

Although he further rebuked teachers' unions—"I fear that those whose only answer to these problems is to call for more money will be disappointed"—he went on to ask them to respond to his suggestions "positively and not defensively."

Universities needed to be the starting point if an effort were to be made to improve the supply of academically successful people to manufacturing industry. Mr. Hugh Scanlon, AUEW president, said yesterday. Youngsters were being given the distorted impression that courses in technology and science were inferior to those in the humanities.

Mr. Scanlon, chairman of the Engineering Industry Training Board, was helping to launch an annual series of 10 fellowships intended to prepare technology graduates with at least three years' engineering experience for a management career in large-scale manufacturing.

Rebuked

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Accident plan for ports urged

By John Wyles, Shipping Correspondent

A NEW approach to accident prevention in ports based on charging the cost of an accident to the department concerned is recommended in a National Ports Council report published yesterday.

The report is drawn from a study of accidents at two unidentified ports from July 1973 to June 1974 which confirmed that the costs of accidents rise with the degree of mechanisation. But it was seen that the charges stem less from personal accidents and more from repairs and replacement of equipment.

The NPC studied conventional, roll-on roll-off and container berths and although the findings are not directly comparable they do indicate the effect of mechanisation on the type and cost of accidents. Thus a container berth with a total throughput of 2m. tonnes returned an accident cost of £189,515 a year, a roll-on roll-off berth £18,121 and a conventional berth £5,653.

The NPC follows the 1972 Robens Committee on Safety and Health at Work in suggesting that accident prevention might be improved if there was more of an economic incentive for managers to step up their efforts.

The cost of accidents within the Port transport industry, National Ports Council, Commercial House, 119, New Oxford Street, London WC1A 1DZ.

Small businesses 'need law change'

FINANCIAL TIMES REPORTER

RADICAL CHANGES in company law and taxation policy to prevent the decline of small businesses and encourage the growth of technology-based companies are urged in two reports published today.

One of the reports, on the smaller business in the U.K. and West Germany, calls for the basic difference between small, owner-managed businesses and large companies with a spread of shareholdings to be recognised.

A practical basis for such a distinction is the proposal for "stewardship" and "proprietary" companies put forward in 1969 by the four major accountancy institutes.

Several tax changes are suggested to relieve the tax burden on small companies and remove some of the incentives large companies have for expanding by acquisition.

Merger proposals involving the largest companies should be automatically referred to the Monopolies Commission, says the report.

The report also suggests that Community Development Corporations—small locally-based institutions—should be established to provide funds at below market rates to co-operative business ventures.

It shows that the decline of

Cheap flight contracts worth £11m.

By Michael Donne, Aerospace Correspondent

JETSAVE, the low-fare North Atlantic travel organiser, has signed contracts worth £11m. for its 1977 programme of flights between the U.K. and North America.

The deals—one worth £5m. with British Caledonian and another worth £3m. with CP Air (Canadian Pacific)—will contribute to JetSave's plan to expand its turnover of cheap flights to North America to £14m. next year, compared with this year's £10m.

Mr. Reg Pycroft, founder and managing director of JetSave, said yesterday that next year the company would offer 160,000 cheap seats between the U.K. and North America, the Caribbean and Africa, compared with 120,000 this year, an increase of 50 per cent.

JetSave uses the Advanced Booking fares available on the North Atlantic scheduled airlines. These are the cheapest scheduled fares on the route.

Mr. Pycroft said this year JetSave had an operating surplus of £251,000, compared with £587,000 on turnover of £9m. last year.

Next year JetSave will offer seats from seven U.K. airports (Gatwick, Heathrow, Manchester, Prestwick, Birmingham, Newcastle and Cardiff), to 14 North American destinations including New York, Washington, Detroit, Los Angeles, Toronto, Montreal, Ottawa and Vancouver.

Sales of luxury houses pick up in Scotland

LUXURY HOUSES costing £40,000 to £70,000 have been selling briskly in Scotland, according to a report issued yesterday. But this surge in demand for more expensive houses is the main feature in an otherwise static market, restricted by scarcity of building society mortgages.

The report covering the three months to the end of last month, based on replies from estate agency members of the Royal Institute of Chartered Surveyors in Scotland.

One Edinburgh estate agent said that he had sold a nine-room house for £46,000 within a week. He added: "Over £50,000 can be paid for a well-maintained, modernised property in a select district, over £30,000 for a class semi-detached property and well over £20,000 for ground houses in established areas. There is no difficulty in selling new executive houses at up to £30,000."

Another estate agent whose practice covers the whole of Scotland reported three recent sales of houses each costing between £60,000 and £70,000. "Both large and medium sized country houses have created much interest and demand than any other time this year," he said.

Smaller houses in the £30,000 to £40,000 range have been in tremendous demand given in outstanding areas. One in Argyllshire with six rooms and 30 acres of ground, recently sold for well over £35,000 and the interest in the property was quite staggering, with 130 inquiries.

Plan to wipe out county's dole queue

A PLAN to wipe out a county's dole queue and at the same time turn workers into company directors, has been given a qualified blessing by councillors in a Scottish region.

Fife policy and resources committee went into secret session yesterday to discuss the proposal, brainchild of Fife careers officer Mr. John Morrison. Sir George Sharp, convener of Fife region and chairman of the Convention of Scottish Local Authorities, said: "We agreed to support Mr. Morrison's ideas—with the reservation that they will require detailed examination."

Mr. Morrison said he believed that 10,000 jobs could be created in Fife within the next four years—wiping out unemployment in the region.

U.K. may become 'nation of spaghetti eaters'

BRITAIN COULD become a nation of spaghetti eaters, if the Common Market food policy system, Tory MP stated yesterday. "I believe the greatest crisis facing Britain today is that of food," said Mr. Teddy Taylor, Food Minister when there were mountains of rotting food maintained at taxpayers' expense to keep prices up.

"Those who claim that membership of the EEC would have only a marginal effect on food prices have a lot to answer for, as they now have an obligation to help to change the system unless we are to become a nation of spaghetti eaters."

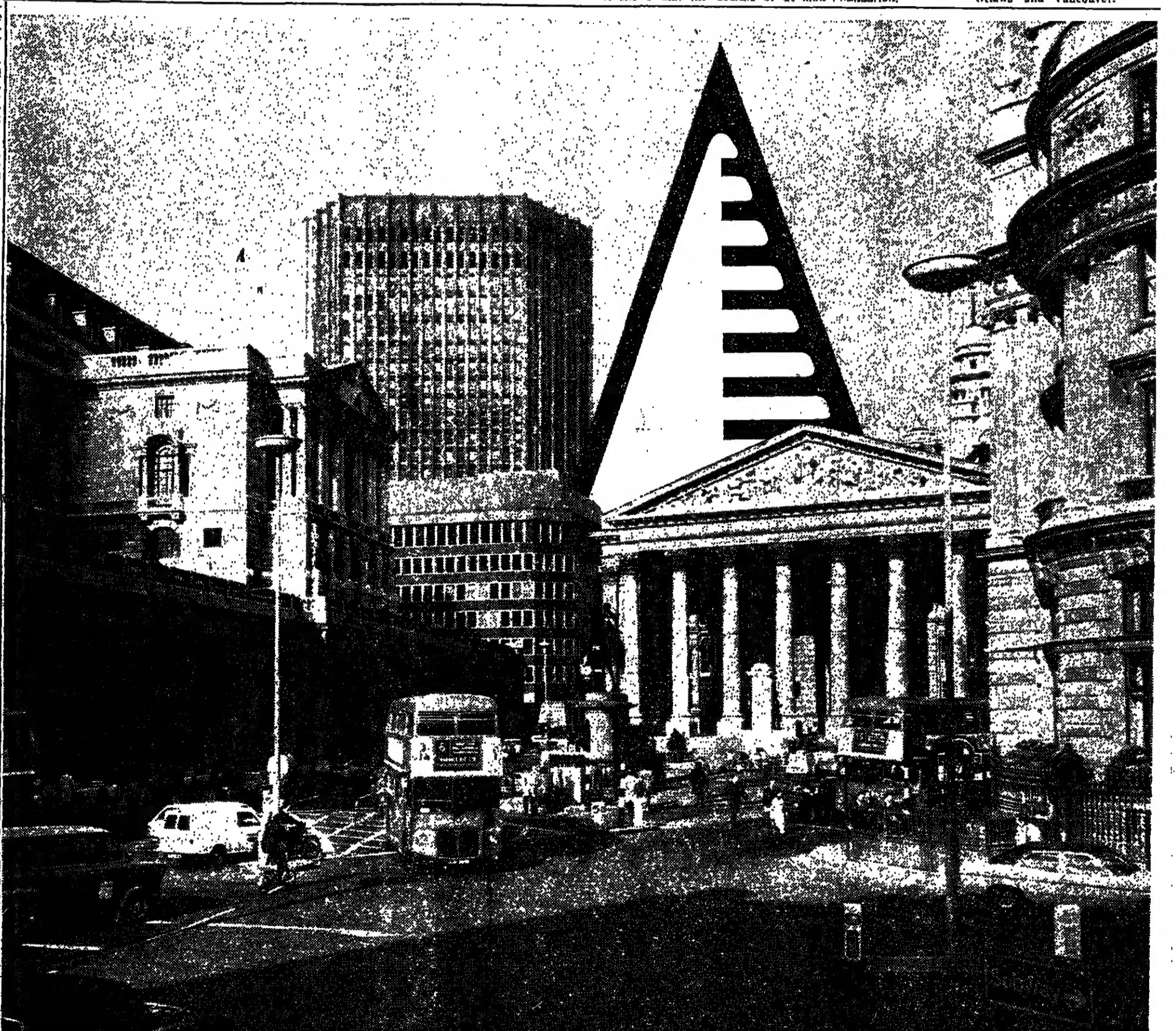
There is no doubt that the surge in diet forced by high meat prices could have a serious long-term effect on the health of the population.

Scots bank rate 'could be that of U.K.'

SCOTLAND could have a bank rate less than half that of the U.K., Mr. Douglas Crawford, Scottish Nationalist MP for Perth and East Perthshire, said in Edinburgh yesterday.

"The economic prospects of the Scottish community would be revolutionised by independence. The Scottish entrepreneur could look forward to a bank rate comparable to that of most other European countries—4.5 per cent. instead of the 15 per cent. rate in the U.K."

"The trade unions could look forward to sustained public investment as part of a long term programme of industrial and regional reconstruction," Mr. Crawford said, the U.K.'s world.



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Concorde bargaining by U.S. ruled out

THE GOVERNMENT will not allow permission for Concorde flights to New York to be used by the U.S. as a bargaining lever in negotiations to replace the "Bermuda agreement" on air services, Mr. Edmund Dell, Trade Secretary, told the Commons yesterday.

Mr. Dell said: "I see no reason why Concorde's entry to New York should be held up by these negotiations."

He added that "substantial revision" of the rights covered by the Bermuda agreement, including fares, was needed "to achieve a more equitable balance of benefits overall."

The Government wanted to regulate capacity between airlines on both sides of the Atlantic. It was a wasteful consumption of fuel to have planes crossing the Atlantic only half, or two-thirds full, of passengers.

Mr. Robert Macmillan (C. Brentwood and Ugar) said the objectives might be achieved by "aggressive commercialism" by British Airways rather than by "upsetting the agreement in the way proposed."

He told MPs that it would be wrong to suggest that Britain was taking no action over the trade deficit with Japan. Japanese car imports were now governed by the agreement of last July under which the Government promised that there would be no

Mr. Dell replied: "It will be my objective to ensure that we have a right to fly Concorde into the U.S."

Crown agents
THE CROWN AGENTS' committee on the first part of next year Government spokesman Baroness Jewell-Davies said in the Lords yesterday.

Dell indicates tougher anti-dumping action

BY JOHN HUNT

THE ANTI-DUMPING unit at the Department of Trade is being strengthened, Mr. Edmund Dell, Trade Secretary, told the Commons yesterday when he faced fierce pressure from left wingers for the introduction of general import controls or an import deposit scheme.

Rejecting these demands, he emphasised that he is prepared to act in specific cases where cheap imports are disrupting a particular British industry.

He thought it would be "the height of absurdity" to introduce a more equitable balance of benefits overall.

Mr. Dell explained that the Government would be able to take more rapid action on dumping than the anti-dumping unit, which would only invite retaliation against our export industries on which a great deal of employment is based.

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conspicuous change in their share of the U.K. car market. "The trouble is that the British industry has not been able to take advantage of what has been left of the market. Their inability to supply has been taken up by the European suppliers," he added.

The main need now was to get the British car industry more competitive so that it could take advantage of the agreement with the Japanese.

From the Tory benches, Mr. Dell was questioned about Japanese claims that our balance of trade with them was not so bad when the figures for invisible exports were taken into account.

Mr. Dell replied that his Department had examined the Japanese figures and found them very closely. It was true, he said, that our invisible income made some contribution to our trade balance with the Japanese. But it did not eliminate the visible deficit.

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mandated. "What is the Government's policy on imports, if any? Must we just ring our hands in a situation where imports by volume went up in the last quarter by 8.5 per cent. We cannot have a totally unplanned attitude towards trade any longer."

He called for an import deposit scheme came from Mr. Eric Heffer (Lab., Walton), another Tribune. He advocated a scheme for a 50 per cent deposit like that introduced by the previous Labour Government.

This, he said, would reduce the borrowing requirement. Mr. Dell retorted: "It may be possible to protect the home market but what is impossible — if we are not going to invite retaliation — is the protection of our export markets. A great deal of employment in this country depends on those exports."

The industries concerned are our most efficient and rapidly expanding industries."

He argued that the effect of the import deposit scheme of 1968-1970 on our trade had been very small. "If import deposits have any effect at all, it leads to a further deepening of our balance of payments deficit and also has certain internal monetary effects."

Mr. Terence Higgins, Tory trade spokesman, said that the Prime Minister's latest statement on imports was ambiguous and had led to fears that the Government was allowing itself to be pushed into protectionism.

Later, Mr. Michael Meacher, Under Secretary for Trade, was pressed about chief imports from Eastern Europe. One Tory MP asked that chief imports from Czechoslovakia were being sold in Britain at less than the cost of the materials that went into them.

In a written answer, Mr. Meacher said that the total value of the contracts placed so far under the Czech agreement was £42m.

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Thatcher hits at failure 'hat-trick'

By Richard Evans, Lobby Editor

MRS. MARGARET THATCHER, the Conservative leader last night accused Mr. Denis Healey, Chancellor of the Exchequer, of trying to hide the truth about the economic situation from the country.

She claimed, in a ferocious speech to party workers at Gravesend, that the Government had deliberately held the emergency economic debate in the Commons last Monday to hide the seriousness of the economic situation made plain by subsequent publication of various key statistics.

During the debate, Tory MPs had been shocked by the Chancellor's treatment of such a serious crisis in such a casual manner. The remaining confidence of his own colleagues must have been shattered by the news of the last seven days.

The day following the debate, figures showed that production was not growing as the Chancellor had indicated, but had been falling all year. Four days after the debate, price statistics showed that prices were rising faster, and yesterday it was learned that the increase in the amount of money in the economy had gone up by leaps and bounds.

"What a hat-trick of failures! Production falling, prices rising and printing money! How ridiculous and futile it is that the Chancellor goes on trying to conceal the truth from the country."

What we now face is not the crisis of capitalism but the catastrophe of Socialism. Britain can't afford to go on like this much longer," Mrs. Thatcher declared.

A group of Conservative MPs called in the Commons yesterday for the Chancellor's dismissal over the 15 per cent Minimum Lending Rate.

The demand came in a Commons motion urging the immediate dismissal of the Chancellor in the light of his characterisation of the economic situation that the record high interest rates may only last for a few weeks when it is supremely clear from the money supply figures that the reverse must be true."

The motion has been signed by about 20 Conservative MPs. Its main sponsor is Mr. Tim Renton, MP for Mid-Sussex.

Left wingers rebel over switch to metric system

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

ABOUT A SCORE of Labour Left-wingers last night rebelled against the Government in a division over the Weights and Measures (No. 2) Bill and its aim to phase out imperial units and enable a transition to the metric system.

With the Tories also critical of the Bill, it had to surmount two divisions to gain its second reading.

In the first division, Tory critics of the possible intentions behind the Bill, were defeated by a Government majority of 23 (194-171). In the second division, sponsored by the Left-wingers, the Government's majority was 160 (181-21), with virtually all the Tories abstaining.

Opposition accusations that the Government was involved in a "great mass dash" towards metrication and the abandonment of imperial units of measurement were indignantly rebutted by Ministers.

Mr. John Fraser, Minister of State for Prices and Consumer Protection, warned MPs that the Government's present system of marking goods with both imperial and metric measures must be ended or Britain's fabric of consumer protection would disintegrate.

At the same time, the Minister insisted that by itself the Bill, he was putting before the House, was not a legal framework within which the Government to consultation with consumers, can effect a transition.

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MR. JOHN FRASER
Confusion must be ended.

Operating a dual system was bound to lead to penalties of duplication for industry and for the consumer. It was no longer a question of whether we go metric, but how quickly we make the change," he said.

He promised that the Department of Prices would report to Parliament each year on the progress of metrication and a provisional forecast of how progress was seen for the future. Industry, and not least the CBI, supported the Bill—as did every major consumer organisation.

Mr. Oppenheim, from the Opposition front bench, said the Tories were not voting against the principle of metrication but against compulsory metrication.

The Tory amendment, supported by Mrs. Thatcher, Sir Keith Joseph and other leading Tories, recognised the need for orderly change to metrication where it was essential for commercial reasons. But the party maintained that "at a time of continuing high inflation and economic crisis," the Bill was inappropriate and should not be approved.

Mr. Oppenheim said that the Commons had never been given an opportunity to vote on the principle of metrication, which he said was essential to be met and reconciled.

The first was the need to end uncertainty for business and industry; the second to protect the interests of consumers from confusion and adverse economic effects.

Another issue was the cost of conversion at this time. "As far as business and industry are concerned, there has been a background of unresolved chaos for which the Government is largely responsible," said Mrs. Oppenheim.

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She argued that consumers were having metrication imposed on them against their will. On the possibility that the Government plan would result in increased prices, she pointed out that decimalisation had brought about a rounding up of prices.

Whether there was a rounding up of prices or not—there would be an atmosphere of distrust and dissatisfaction about such changes.

Those who found it difficult for instance, to keep within the speed limits would be joined by thousands more who would be confused by limits based on kilometres per hour.

Indignantly, she told MPs: "I object very much to putting the burden on my passport as a metric and a half. It will remain firmly in my mind and on my passport as five feet two inches."

She complained that there has been no estimate of the cost of conversion and claimed that in some instances, the cost would be immense, nearly all of it passed on in prices.

Thought
The Bill, she argued, gave the Government virtually carte blanche to move to mandatory metrication as and when it thought fit.

Mr. Stan Newens (Lab., Harlow) said that metrication would change the yardstick for everybody except the young. Many people would be in a complete fog and unable to detect whether they were getting value for money.

Rounding up of prices, similar to that during decimalisation, would make the cost astronomical and changes in tremendous numbers of forms of measuring would lead to the scrapping of large items of machinery.

Mr. Roger Moore (C., Faversham) said the Government was proceeding by stealth and even those who believed in metrication should be ashamed of the record.

He accepted that metrication could not be stopped, but said it should proceed voluntarily and without the Metrication Board.

Mr. John Page (C., Harrow) said he was "horrified" that there should be doubts about saying the mile and the pint. He had thought they were sacrosanct and was not satisfied with the Government's undertaking.

Amid laughter, he added: "The Minister starts pawking about with miles and pints. Had better be warned that the country will rise up against him."

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HOME NEWS

Tanker 'scrap and build' plan to aid shipyards

BY JOHN WYLES, SHIPPING CORRESPONDENT

A SCHEME aimed at encouraging shipowners to scrap old tankers over 15 years old, then make replacement orders with hard-pressed shipyards, is to be presented to the member Governments of the Organisation for Economic Co-operation and Development.

The proposal has emerged from the International Maritime Industry Forum (IMIF) whose third meeting of the year was attended in London yesterday by 80 representatives of shipowners, shipbuilders, banks and oil companies.

Set up at the beginning of the year to promote action to deal with the critical tanker surplus, support for a scrap and build policy reflects a changing pre-occupation within the IMIF.

The organisation is now almost as concerned with steering governments away from measures to deflag their shipbuilding industries which could harm prospects of a recovery in the shipping industry.

Sir James Dunnett, IMIF chairman and a former Permanent Under-Secretary at the Ministry of Defence, stressed

after yesterday's discussions that governments "must be forced to take into consideration the wider consequences of their actions."

The IMIF has tried to hammer home in a previous paper to the OECD the dangers of governments encouraging shipyards to build unwanted ships.

Its "scrap and build" proposals, produced by one of four working parties studying aspects

More Home News Page 29

of the tanker crisis, would probably offer more relief to the world shipbuilding problem than to the tanker crisis.

PEARSE

This is because a "scrap-and-build" policy is unlikely to create much of the surplus, since by definition shipowners receiving a financial inducement to scrap their older ships "could be expected to order replacement tonnage."

One drawback is that governments might have to offer substantial cash inducements

because the tanker categories which are the most aged—those of up to 100,000 d.w. tons—are also those whose freight rates are expected to recover more quickly.

Most of these ships have no debt attached and are therefore more easily profitable for their owners.

Mr. Otto Norland, an executive director of Hambros Bank, presented a working party paper on the financial implications of the surplus which, he said after words, indicated that "we are not likely to see any major bank reactions with the inevitable chain reactions."

Divisions of opinion over how long the crisis is likely to last emerged clearly yesterday.

The fact that the total tonnage of tankers laid up has fallen from 55m. d.w.t. at the start of the year to around 37m. d.w.t. this month, has raised optimism among several independent owners.

However, BP representatives presented their own thinking which was as gloomy yesterday, as last autumn, and did not foresee a recovery before 1982.

'Ease speed limit' plea

ONE OF the motor industry's leading figures yesterday called on the Government to lift speed limits introduced three years ago during the oil crisis.

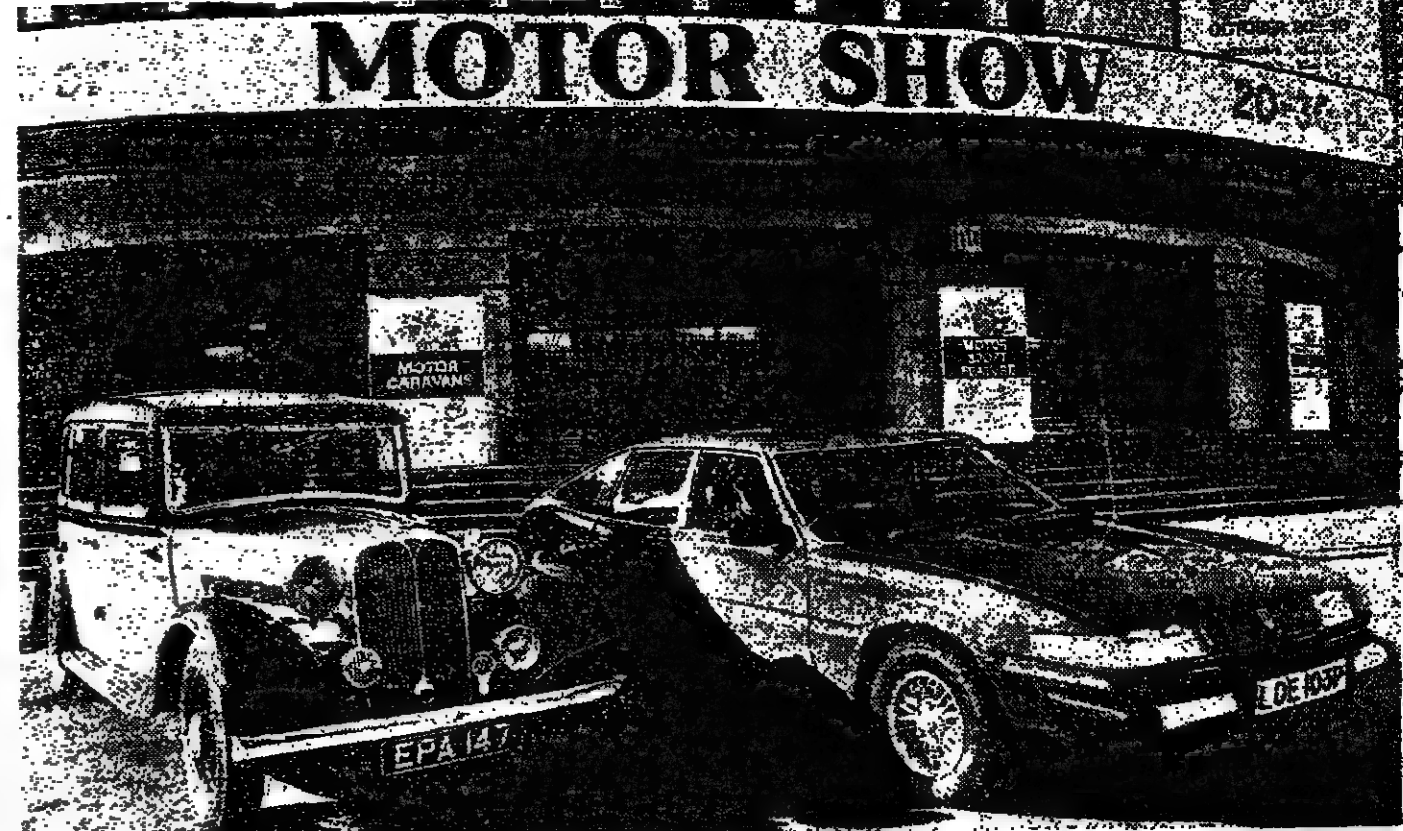
Mr. David Plastow, President of the Society of Motor Manufacturers and Traders and group managing director of Rolls-Royce Motors, said at an eve of motor show lunch at Cobham, Surrey: "It is time we started to recognise that fuel-saving speed limits are totally anachronistic. I have yet to see any worthwhile evidence which supports their objective."

He added: "The price of fuel reduced drivers' speed far more effectively than the 50, 60 and 70 mph limits which we have to adhere to."

"Speed limits to Britain are much more restrictive than those in Europe. We will soon begin to be influenced by changes in the design and development of our cars. Brakes and handling will be affected if the restrictions are not lifted."

Plea for grant increase

A DEPUTATION from the North of England Development Council will meet Sir Alan Williams, the Minister responsible for regional development, in London today to ask for its annual Government grant of £105,000 to be increased to £400,000. This would put it on an equal footing with other regional agencies in Scotland and Wales.



Nearly 40 years separate these two motor show exhibits from Rover: on the right, the company's new 3500 saloon; left, the Rover 14 exhibited at the first Earl's Court motor show in 1937. Rover is one of the few manufacturers to have been represented since that show. This year's is the last to be held in London; the next will be at Birmingham in two years' time.

It will be a sporty motor show

BY TERRY DODSWORTH

NEW and revised British sports cars will be one of the main attractions of the Earl's Court motor show, due to be opened in London tomorrow by Mr. James Callaghan, Prime Minister.

Forecast among these will be new models from Bristol, Aston Martin and Panther. Blackpool-based TVR is to exhibit substantially revamped TVR coupes, and AC Cars is showing the latest prototype of its mid-engined AC 3000 coupe.

The new Aston Martin Lagonda, which has been the subject of much speculation, has emerged

as a super-luxury car incorporating an advanced, electronically controlled instrument panel with graphic and digital displays.

U.S. space technology has helped produce a speedometer with a touch of the switch and an electronic display showing average speed and fuel consumption on a journey combined with a fuel consumption reading.

The 17-foot wedge-shaped car, powered by Aston Martin's V8 engine, and with a top speed of more than 140 mph, will cost £20,000.

Reliant, the Tamworth-based manufacturer, has announced an increase in production of the Scimitar from 35 cars a week to 50 in an effort to boost exports. Coinciding with this are changes which give the car more refinement and comfort and price increases which will push the car over the £5,000 mark—to £5,194 for the GTE overdrive and £5,288 for the GTE automatic.

Panther will be showing a new Vauxhall-powered Lotus sports model and Bristol is introducing its 803 saloon to replace the 411 series which was launched at the 1969 motor show.

Another point of interest at the show, the last to be held in London before it moves to Birmingham in two years' time, is the new small 1.8 litre diesel engine from Volkswagen incorporated in the VW Golf.

The Continental specialist manufacturers are putting on a strong display with new models from BMW, Audi, Mercedes, Lancia and Maserati.

The show opens with the British car manufacturing industry still under a heavy cloud and an official prediction that imports will remain at their present high level next year.

Britain should earn £2bn. from foreigners, says tourism chief

BY JOE RENNISON

BRITAIN should earn £2bn. from foreign tourists in the year beginning next March, according to Sir Alexander Glen, chairman of the British Tourist Authority. But, although the tourist boom of the 70s in Britain continues unabated, we must not be complacent about our favourable international rating.

Particularly encouraging for Britain was the fact that, after two years, Americans are beginning to return in increasing numbers.

This summer their numbers reached the equivalent of £1m. a year, equalling the record 1974 figure.

Sir Alexander was commenting on the authority's report for the 12 months up to last March which again showed record earnings and a record number of visitors. Encouraged by the declining pound and better weather, Britain entertained 9m. overseas

visitors last year, who spent almost £1.5bn. here. These figures are increases of 12 per cent. on the previous 12 months and totalled 13 per cent. of invisible exports and 4 per cent. of all exports.

Earnings from overseas tourists were the equivalent of an income of £4m. in foreign exchange.

Special case

There is no room for complacency, the report says. International competition is growing fiercer and Britain must work harder to retain and increase its share of the world tourism market. This is despite the fact that the Government will not increase resources available to the authority to promote the industry. Indeed, because of the fall in the value of sterling, spending power for overseas ventures

has been cut by an equivalent of £800,000.

"Each Government agency must play its part, but it is especially important that we seek out new sources of resources and means of operation."

Sir Alexander said he felt that the authority should be a special case over public spending cuts. He estimated that there will be about 10m. visitors to Britain in 1976 and they will spend £1.5bn. "If we include fares spent with British carriers, total earnings could be in the region of £2bn. In one word what has happened to British tourism is outstanding."

There have been more visitors from all over Europe, particularly from Norway, Sweden and Denmark. Largest percentage increase was from the Middle East with the number of visitors increasing more than a third.

Howe supports demands on inflation accounting

BY MICHAEL LAFFERTY

SIR GEOFFREY HOWE, Shadow Chancellor of the Exchequer, yesterday added his voice to the growing demands for the accountancy bodies to publish practical proposals on inflation accounting.

Cautioning the accountants against trying to find "the final perfect answer," Sir Geoffrey stressed the importance of being willing to settle, sooner rather than later, for a reasonably practical method of dealing with the worst of the problem.

It would be all too easy for the best to turn out to be the enemy of the good, he declared.

Speaking on the relationship between the professions and the State at the English chartered accountants' annual conference in Harrogate, the Shadow Chancellor said that exclusive responsibility for the maintenance of standards was the hallmark of a true profession.

He welcomed the establishment of the Cross committee to investigate the regulatory procedures of the U.K. accountancy

bodies, and pointed out that for almost all professions some action by the State had turned out to be a necessary feature of a self-governing regime.

"Legislation has been needed to give authority to some disciplinary tribunals or to establish the General Medical Council."

"Certainly a profession's disciplinary procedures must be able to reach out so that there is no hiding place for the offender. They must be able to assert their jurisdiction effectively and have access to all the relevant evidence. They must be able to achieve a common standard throughout the profession."

The profession's proliferation of initials and organisations was "confusing and tiresome" to clients.

"The continued multiplicity of your organisations could be regarded by politicians as your most vulnerable point. How, if they are asked, are uniform standards of practice and discipline to be enforced except on the basis of greater unity?"

Williams & Glyn's rate increased

By Michael Blanden

WILLIAMS and Glyn's, the smallest of the big five London clearing banks, yesterday announced an increase in its base lending rate from 13½ to 14 per cent. from today.

The rise brings the bank into line with Barclays Bank, and suggests there could be pressure on the other big banks to raise their lending rates.

Barclays raised its base rate by 2 per cent. immediately after the Government increased the Bank of England's minimum lending rate from 12 to 13 per cent. on October 7 as part of the package to bring money supply under control.

The other London clearing banks held their increases at only 1½ per cent. with a 13½ per cent. base rate. They apparently hoped that the rise might be short-lived.

Money market rates rose yesterday, with a shortage of funds in the market partly reflecting the amount of money which has moved into gilt-edged stocks.

If the market stays at its present level there is a strong likelihood that the other big banks, Lloyds, Midland and National Westminster, will be forced to move into line with Barclays.

Williams and Glyn's also announced that its rate on seven-day branch deposits is being raised by ½ per cent. to 11 per cent., also the same as is being offered by Barclays.

Benn to try for EEC oil price 'floor'

By Ray Dafter, Energy Correspondent

BRITAIN IS to try again to introduce a "safety net" floor price for crude oil within the EEC.

Mr. Anthony Wedgwood Benn, the Energy Secretary, will probably press Britain's case for a 50-barrel minimum price at today's meeting of Common Market Energy Ministers in Luxembourg.

The British Government is anxious to secure agreement so as to protect North Sea investments in case OPEC countries cut drastically their oil prices. All nine EEC member States agreed at a Rome summit almost a year ago that there should be a price guarantee mechanism, but since then France and Italy have opposed its implementation.

It is doubtful whether the Nine Ministers will agree on a cohesive floor pricing policy today. They are still a long way from reaching a unanimous approach on an EEC energy policy.

Interest rate rise 'will stop economic recovery'

BY MICHAEL BLANDEN

THE rise in interest rates and strong emphasis on controlling money supply evident in official policy will bring economic recovery to a halt, Mr. Greenwell, stockbrokers, say today.

The firm suggests in its latest monetary bulletin that recent moves to bring money supply under control could mark a watershed in British economic policy. There would be an improvement in the position of sterling but unemployment would rise again and, in the longer term, the economic recovery would be aborted.

The bulletin points out that the increase of more than 8½ per cent. in money supply in the first half of the current financial year leaves little room for further growth within the 22 per cent. target laid down by the Government. Next year, it sug-

gests, the International Monetary Fund almost certainly will require the money supply on the wider definition, M3, to be lower than this year.

Therefore, "the maximum permissible growth of M3 is less than 10 per cent. year." But, with inflation rising again towards the 15 per cent. level, this limit will require painful action in order to control monetary growth.

The bulletin adds that in this situation monetary factors would be working in favour of sterling. It repeats the Greenwell argument that movements in the external value of the pound reflect the domestic monetary situation, with an excess money supply tending to lead to flows abroad and a weakening of sterling.

Sales efficiency study

BY STUART ALEXANDER

GREATER emphasis on the store manager as a business operator can lead to improvements in labour efficiency in grocery and furniture stores, says a Distributive Trades Economic Development Committee report published yesterday.

To do this the manager would need substantial training—not in procedure and policies, but in principles, techniques and practices. Labour efficiency could not be achieved solely through the determination of some points from head office nor could it be measured by

financial summaries. The report highlights the differences between the two types of store. In the grocery business the emphasis is on labour utilisation—the proportion of paid hours which are gainfully used. In furniture, the emphasis is on labour effectiveness—the extent to which the worked hours contribute to the organisation's objectives.

The measurement of labour efficiency in retail stores: VEDD Books, 11, St. Paul's Street, London SW1H 9LJ. £1 (£1.15 postage paid).

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

DATA PROCESSING

Super-computer by Burroughs

TAKING its European centres while, however, it has let it be somewhat by surprise. Burroughs announced from its own large Detroit headquarters over the week-end that it was planning a "super-computer" to carry out the solving of problems at present considered too large for existing large machines.

The machine will be an array processor, that is a series of smaller computers operating in parallel on a large problem carved into sections. But it will be so powerful that it will need one of the company's largest conventional machines to prepare and feed it with information and collect the results.

Suggested applications are in meteorology, space studies, logistics and so on. But the delivery date is still far off since the first machine is not expected to be set up and running until the last quarter of 1978.

Burroughs will not disclose details of the machine's architecture till early next year. Mean-

is comparatively little gain since the initial capital input is high.

Ingenious in software could find a way through and since the arrays now under consideration consist generally of a series of microprocessors, the cost of the processing unit of an array machine could be an order of magnitude less than the equivalent conventional machine.

Already, ingenious designers have put stacks of microprocessors together to simulate large machines at much less cost, using the latter's standard operating routines with more efficiency. Advances in electronic engineering are thus opening up completely new perspectives in computing. Software is not keeping pace with them and this is prompting the manufacturers of electronics devices to talk about the eventual replacement of software with low-cost large-scale integrated circuits.

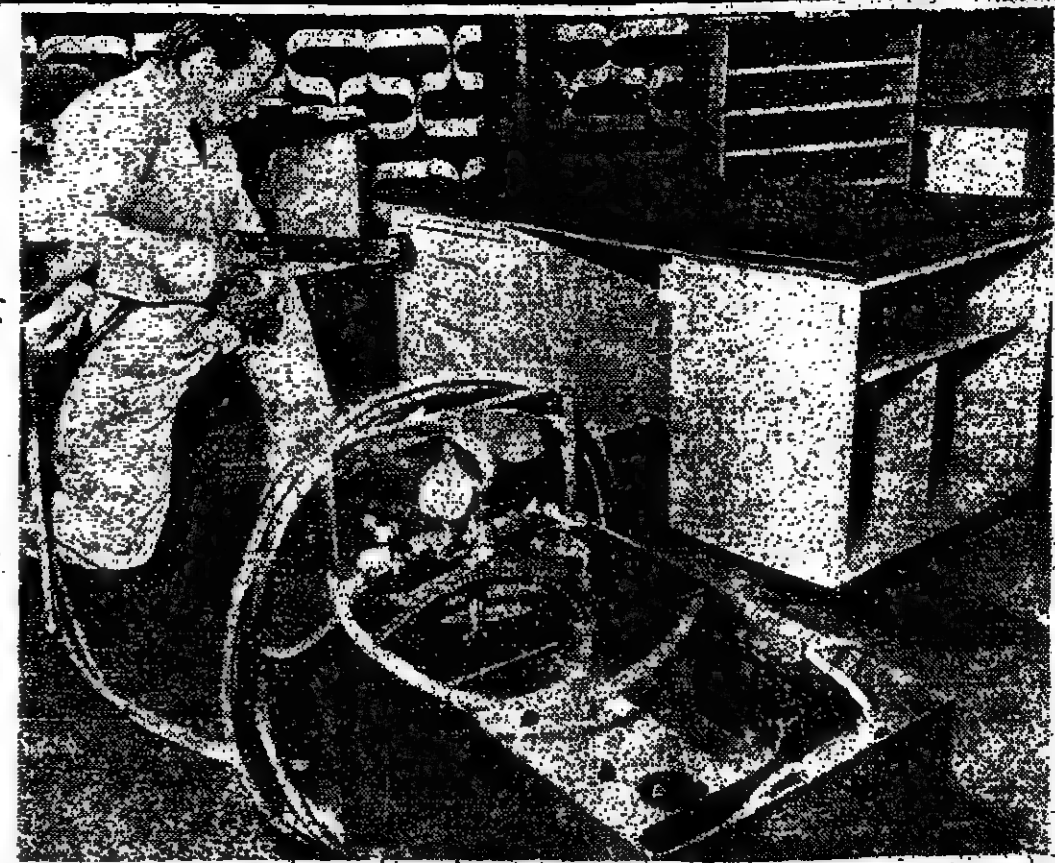
Competing with IBM

ITEL'S A/4 AND A/5 equipment, competing with IBM from the 370/138 machine and upwards will be available in the U.S. within the next six months and in Europe three months after that.

Described on this page a week ago and announced by the company at the week-end, the ITEL computers are intended to take a share of IBM's medium to large-scale machine market. In Europe, total IBM installations are expected by ITEL to reach 8,000 (360 and 370) by the end of this year. Up to a third of these are potential customers for ITEL, the latter says.

But potential users will want to know what the "survivability" of ITEL is likely to be. To this question, company representatives reply that the company is running about \$700m. worth of IBM processors and ITEL peripherals.

Specifically, ITEL has made a name as a supplier of disc systems compatible with IBM equip-



CALCULATORS CBM launch hits Sinclair

THE COMPANY'S first programmable calculator, the PR 100, a scientific unit with over 30 pre-programmed functions, ten independent memories with full memory arithmetic, able to store 72 program steps, leads a new range of calculators from CBM Business Machines, 445, Bath Road, Slough, Berks. SL1 8BB (04286 3224).

Included in the range are third generation versions of the Navigator and Statistician, incorporating specialist user pre-programmed functions (for example, computing a course correction and distance off requires only three inputs).

CBM considers that styling will be one of the most important selling features of new calculators. The latest standard machine is the Silverline, demonstrating a completely restyled appearance with a very slim aluminium-fronted case.

The company believes the market to be expanding rapidly still, particularly in the use of calculators in education.

Three digital five-function (hours, minutes, seconds, day, month) watches also launched yesterday by CBM will be in retail outlets by next month. Prices range from \$18.99 to £21. The company does not expect to see a digital watch competing with the lowest end of the mechanical watch market—CBM's 23 digital—before the end of next year.

MATERIALS Soft seat for control valves

THE SEALING material used in all soft-seat high pressure valves made by Unit Controls, Whitefield Road, Bredbury, Stockport, Cheshire, SK6 3QR (061-430 5207), is now PTFE (polytetrafluoroethylene).

Replacing PTFE, it allows the valves to operate in a wider temperature range—200 to +120 deg. and withstand pressures up to 8,000 psi, extending their application in the petrochemical and offshore industries.

The valves have bodies of zinc-plated carbon steel or 316 stainless steel. A non-rotating one-piece rise and fall spindle is fitted with soft seats include shut-off valves, isolating, circulating and venting combined function valves, and multi-port valves.

Anti-seize lubricant for threads

MAIN FEATURE of an anti-seize thread lubricant developed by Acheson is its ability to maintain a long-lasting barrier between the mating surfaces in

threaded components operating at up to 1,200 deg. C. Aluminium based, the lubricant contains a blend of solids which, the maker says, will support stresses beyond the yield limit of steel and pressures greater than 50 tons/sq.in. so that metal pick-up during assembly is prevented.

It also protects threads against corrosion and seizure caused by high humidity in marine and other aggressive environments. The lubricant, which can be applied by brushing or dipping, is less free and stated to be safer than copper-based thread compounds.

Suggested applications include the flange bolts of pipes and pressure vessels, and on vehicles for exhaust system manifold bolts and exhaust adjusters. Details from Acheson Colloids, Prince Rock, Plymouth PL4 6SP (0782 266351).

Fibre goes into many products

FLOCK FROM olefin polymer, basically akin to polypropylene fibre, is available from Plastimers in a variety of staple lengths and deniers.

It is offered as a binding agent in paints, concrete, plasterboard and other building materials, or as a reinforcement in the manufacture of Kraft paper and corrugated board.

Applications under investigation include in security printing and as an insulant in building work, following a crimping operation. Finer deniers are also being evaluated.

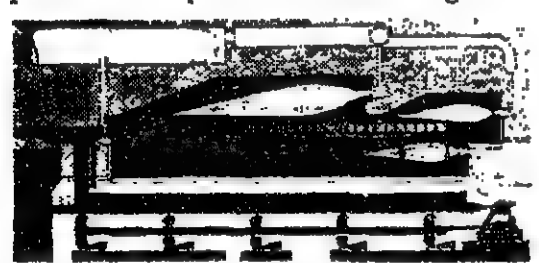
Plastimers, Dighton, Bedfordshire, MK43 0JY. Tel: 0455 230222.

ON STREAM

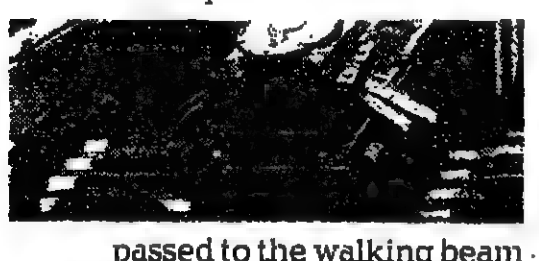
Our new (£26m) Rod Mill has started production. A big occasion not just for GKN but for the whole of British Industry!

The new mill has proved to be an exciting shop window for British steel. It's brimming over with the latest advances in rod rolling. And that means greater precision and improved quality.

Take a closer look at the production process. Incoming raw

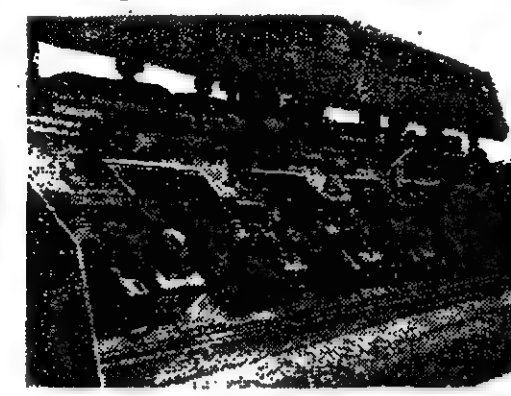


billets are carefully inspected and casts are segregated in pens—so the pedigree of every coil is known. Billets that come up to the stringent standards required are then



passed to the walking beam furnace where highly accurate heat control minimises decarburisation. Next, the rods pass through the 4 strand rolling mill where shear cropping eliminates front end defect. In the no-twist finishing mill, tungsten carbide

rolls are alternatively angled at 45° to give a rounder, more



uniform cross-section. Finally, rods pass through the Stelmor process for cooling by high pressure water and air blowers and are then front and back end trimmed, tested and compacted into 1350Kg coils and strapped with four steel bands.

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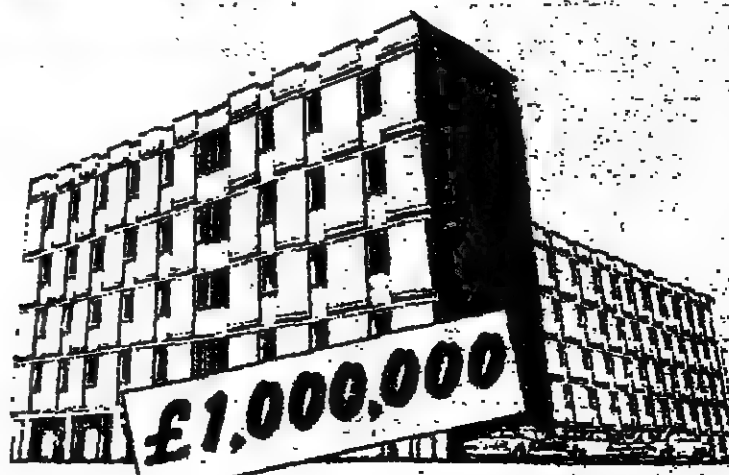
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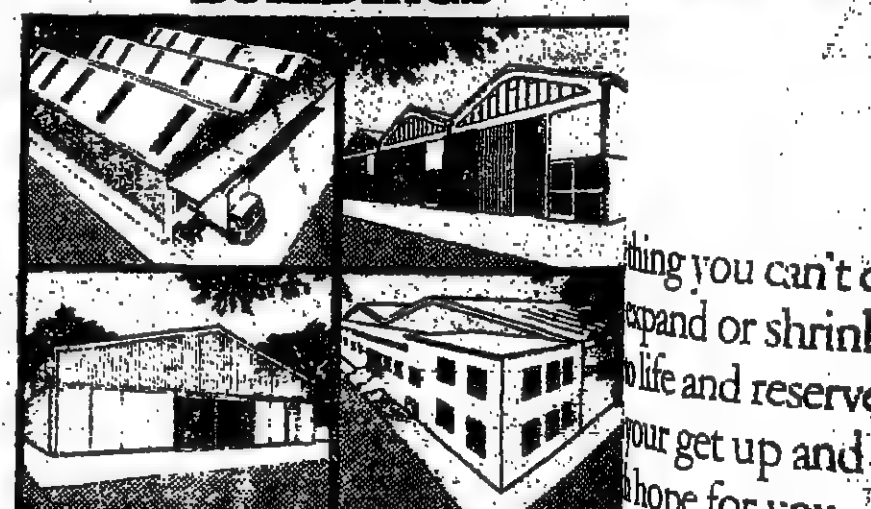
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LABOUR NEWS

Benn seeks assurances on Nigg refinery plan

BY CHRISTIAN TYLER, LABOUR STAFF

CROMARTY PETROLEUM, the £100 company whose plan to build a \$180m. oil refinery at Nigg on the Cromarty Firth has been delayed by MPs, was yesterday asked for specific assurances by Mr. Anthony Wedgwood Benn, Energy Secretary.

Mr. Wedgwood Benn wrote to the company yesterday, shortly after meeting Mr. Jack Jones, general secretary of the Transport and General Workers' Union, and two senior officials of the company who are suspicious of the company's plan.

Mr. Jones, accompanied by Mr. John Miller, national secretary with responsibility for oil refineries, and Mr. Ray Macdonald, Scottish regional secretary, echoed an objection previously made by major oil companies that there is already a surplus of refinery capacity in Britain.

They also asked the Energy Secretary whether the refinery would be handling only North Sea crude oil or importing heavy crude from the Gulf as well.

The union is worried that the number of jobs created by the refinery could be outweighed by the threat to jobs at existing refineries, which are said to be working at only 64 per cent. of capacity.

Behind the TGWU's unusual alliance with the big oil groups is a belief that the decision of the Secretary of State for Scotland to approve the scheme, contrary to the findings of the planning inquiry inspector, was a political one aimed at attracting Scottish votes.

Mr. Wedgwood Benn's letter yesterday asked Cromarty Petroleum for assurances that its main purpose would be the handling of North Sea oil, that it would be exporting products, but also

capable of producing products for sale in the U.K.

He asked how many jobs would be created and whether there would be a general employment gain.

Dealing with the TGWU objections, Mr. Wedgwood Benn pointed out that, although there was a surplus capacity, there was little capacity designed to handle the light crude of the North Sea.

The Government wanted two-thirds of North Sea production to be refined in this country.

Meanwhile, a Bill confirming the company's right compulsorily to purchase 473 acres of foreshore at Nigg linking the proposed refinery site to the sea has been blocked in Parliament by MPs of both main parties.

Cromarty Petroleum, with 100 of equity and operating from Soho, is ultimately controlled by Mr. Daniel K. Ludwig, a 78-year-old Texan billionaire.

'Sacked for working too hard' claim denied

By Our Labour Correspondent

A WELDER'S claim that he was sacked from Electrolex Ltd., after upsetting his workmates by working too hard brought swift denials yesterday from both management and trade unions.

Mr. Neal Daly was dismissed (last week) for refusing to move to other work within the plant. He had planned to take his case before an industrial tribunal, arguing that he was unfairly dismissed because of union pressure, but last night he appeared to be having second thoughts.

He said he had prospects of a new job and might not now go through with his claim.

Mr. Daly was fined £15 by his branch of the Amalgamated Union of Engineering Workers for exceeding a piecework output figure set unofficially by his colleagues, however, both management and the AUEW strenuously denied that this episode, which happened a year ago, had anything to do with his sacking.

Separate issues

Mr. Ray Phipps, Electrolex industrial relations director, said that the company categorically denied Mr. Daly's claims. Mr. Daly had been dismissed not because of any arrangement between management and the unions, but for refusing to undertake another welding operation.

For the AUEW, Mr. Arthur Sjögren, Luton district secretary, stressed that the two issues were completely separate and undefined that the AUEW shop stewards convenor had made representations on Mr. Daly's behalf when the dismissal notice was issued.

On the earlier issue of the fine, Mr. Sjögren said that Mr. Daly had disregarded and reneged on a shop floor decision for which he was charged under the rules of the union.

Explaining why the welders took their decision on output, Mr. Sjögren said that for this particular "lousy, awkward job" the men fixed an output rate they thought matched the money they received. Any increase in production, they felt, would warrant extra pay.

Mr. Daly claims that by asking him to slow down, the union was reducing his earnings which were £76 a week at that time. But the management said yesterday that the job he wanted to switch him to would have enabled him to earn about £4-£5 a week more.

Dagenham strikers dismissed by Ford

BY ALAN PIKE, LABOUR STAFF

FORD MOTOR management last night gave a fighting response to the troubles at its Dagenham plant and dismissed ten door-setters who have been on strike twice since the new Cortina IV was launched a fortnight ago.

The company warned the men that they would be dismissed unless they reported for work yesterday afternoon and carried out their three when the men failed to arrive.

Thousands of other Ford workers were told to report for work as normal this morning. The company says that it intends to re-staff the door-setting section with other employees to-day. But if this proves impossible because of the reaction of shop stewards and other workers, widespread layoffs will result.

Ford is obviously aware that its action will be branded as its active by militants but is prepared to make a firm stand on the issue, in order to get the new Cortina established without further disruption and to prepare the way for introduction of the Fiesta, which arrives at Dagenham soon.

According to the company, enough men volunteered to take over the door setting work yesterday but were warned by shop stewards that they would face union discipline if they did so.

The door-setters went on strike after a workmate was dismissed for his part in violent incidents at the factory last week, when £15,000 worth of damage was caused.

At disciplinary hearings five workers have so far been dismissed and ten more suspended for a week without pay. Another seven cases are to be heard.

Further evidence that the company is prepared to take a tough stand to bring disruption to production under control came in two letters sent to employees by management yesterday. The company stressed that it was "fed-up" with small minorities who caused lost production and lost wages.

The company told its employees that it intended to try to keep the plant running but "there may be some who are prepared to stop you and us from doing this".

It warned: "If the minority prevent us from building cars this plant and a large number of employees could be in a very serious position for a long time to come."

THE LATEST report of the National Coal Board Staff Superannuation Scheme, covering the year to April 3, shows the operations of a pension scheme in which there is 50 per cent. member representation with active trade union participation.

The report does state that during the year a scheme was established for the provision of finance direct to British industry for new capital investment. Initially, that finance will only be available to new companies in which the pension scheme already has a substantial interest.

The scheme provides annual revaluations of pensions in line with the increase in the Retail Price Index. Before last year these rises were met from the fund's own resources. The 1975 increase had to be financed partly from additional contributions from the NCB.

An analysis of the equity portfolio reveals that 32 per cent. is invested in the financial sector compared with 36 per cent. at the end of the previous year. There is no sign of an undue preponderance of investment in the members of the committee of

APPOINTMENTS

Senior executive changes at BAT Industries

Mr. P. D. Tindley, deputy chairman of BAT Industries, will be retiring from the Board on November 30 after 40 years with the group. Mr. Tindley has been chairman of Wiggins Teape since its acquisition by BAT in 1970 and will be succeeded by Mr. N. J. M. Bennett as chairman of the Wiggins Teape group. Mr. Bennett, who is a director of BAT Industries, has been appointed managing director of Wiggins Teape since 1968 and will become both chairman and managing director from December 1.

Mr. David R. M. Penstock has been appointed London representative of CYRO SAUCK and SOHN, Frankfurt, and SAUCK BANQUEN LUXEMBOURG SA, Luxembourg, in succession to Mr. Manfred G. Braun, who is now general manager of Hauck Banquiers Luxembourg SA.

Mr. T. B. Walker, former chief superintendent, West Midlands Police, has joined the CHUBB ALARMS GROUP as chief security adviser based in Birmingham.

Mr. A. J. Gould-Davies has been appointed as chief executive of BOOK CLUB ASSOCIATES (which is an equal partnership between W. E. Smith and the U.S. publisher, Doubleday). Mr. S. T. Remington, previously general manager, has been appointed chief executive.

Mr. D. V. M. Howell has been appointed managing director of WILSON INTERNATIONAL, the U.K. subsidiary of Wilson International AB, a member of the Swedish Gullberg Group.

Following the retirement of Mr. R. A. Field and Mr. D. G. Field, Mr. A. G. Field, managing director, has been elected chairman of the Board.

Mr. A. J. Arwater has been appointed a director of TILBURY CONTRACTING GROUP. He will be responsible for personnel, industrial relations and training.

Mr. Anthony Part has been appointed non-executive member of the ENI Board. Mr. Anthony retired from the Civil Service last June.

Mr. W. R. Mayer has been appointed a director of the LAMBERT BROTHERS marine division of Lowndes-Lambert Group.

Mr. David East and Mr. Mike Storey are to be appointed as directors of the HAYWARD ELECTRONICS COMPANY from November 1. Both have been with the company for over ten years as manager of works and engineering, respectively.

Mr. Ian McIntyre has been appointed chairman of the MORGAN GUINTEY TRUST SERVICES COMPANY OF NEW YORK. The company has made the following promotions to assist vice president at its London offices: Mr. L. T. Cowen, head of the corporate evaluation department, and Mr. P. A. Sellers, both of the general banking division.

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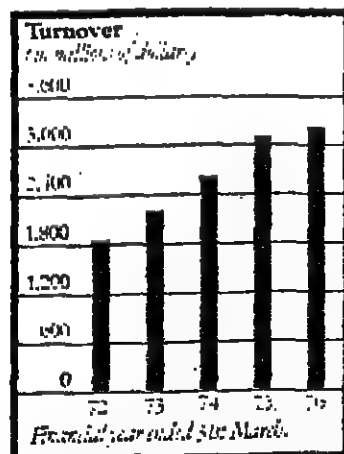
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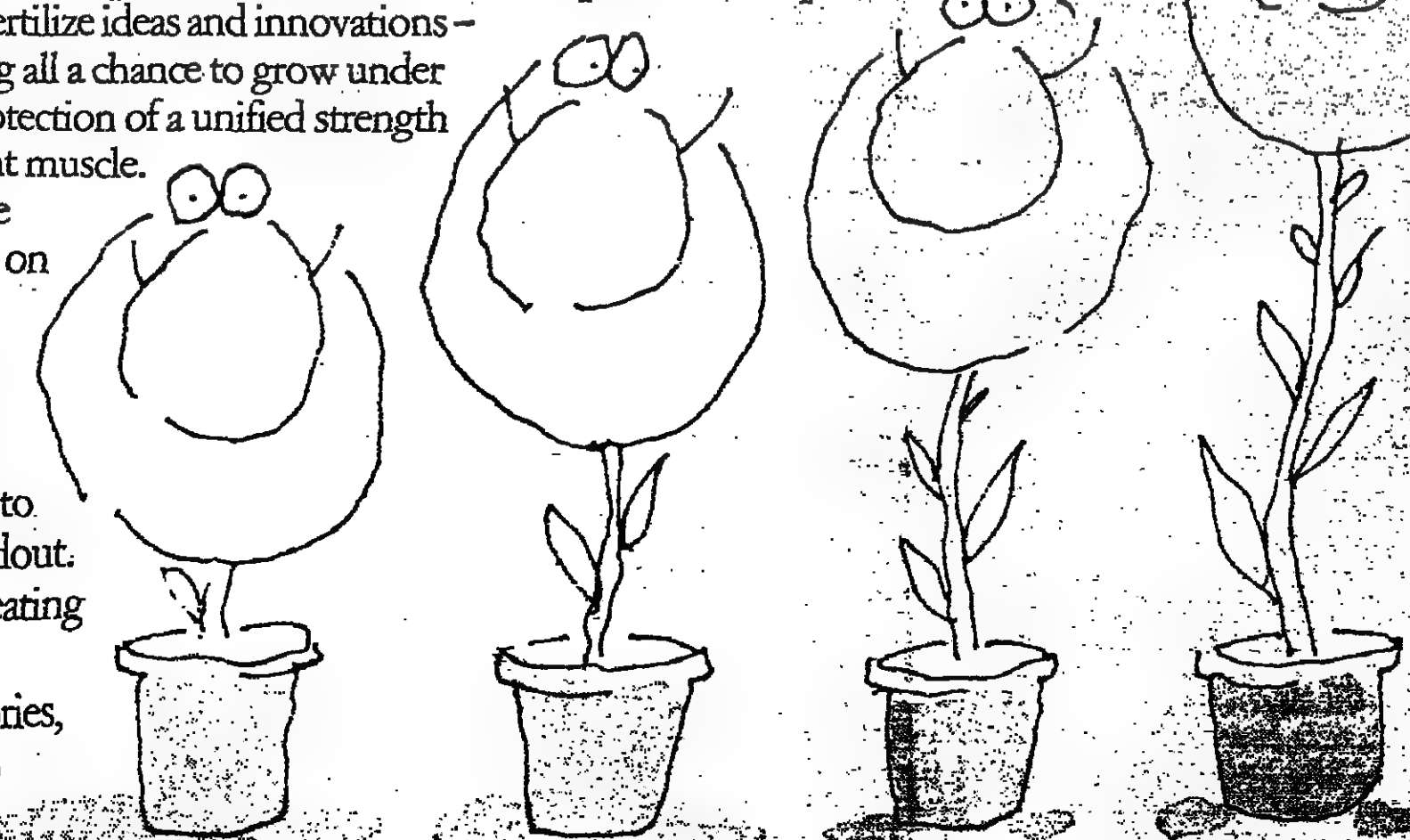
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A Labour leader in the boardroom

Great and good

ago. "This is how I see the job
It was particularly ironic, too. I shall also be working

to their governments. Many of them are former Commonwealth countries, and expansion into new fields in the competitive open market. It is expected that governments will sooner or later want to take over the running of their own communications services so, largely for political

or specific kind which appeared to conflict with our duties to the Governments from which we hold concessions overseas. I think that there we would be arguing that the direction was contrary to the interests of the company and perhaps of the national interest."

It is not even just a question of whether Mr. Short will be good at the job; and it must be said he had a reputation of being an efficient, though not a sparkling minister. He is hard working, reads widely, and in spite of his austere and formal

Mr. Ted Short, the new chairman of Cable and Wireless, against a background of the satellite communication aerial built by the company at Goonhilly, in Cornwall.

Mr. Short says: "The outlook is offered. So they were forced to create a junior position where importance of telecommunication importance of telecommunication they were allowed to pay more than the senior position. The Mr. Short says: 'I realize world. However, his talks with there are problems with the Government will not all be incomes policy but there are polite congratulations for Mr. acute problems of paying senior Short is already worried about people enough in nationalised the low level of salaries, being industries. In many cases people are only staying out of these paid to the company's directors. dedication and there is a danger These salaries are fixed by in future that we will have to the Boyle Committee on top employ less than first-rate people's pay and have already people at the top.'"

Nicholas Leslie explains why Rolex sticks to its principles in shunning new watch technology

A traditional stand against the digital craze

Mr. Andre Heimiger, managing director of Rolex, maintains that the company has established its reputation on quality. Certainly this is the image that it has endeavoured to create as a manufacturer and it seeks to

and that means that it does not have to publish any financial results. Mr. Heinger says that sales in the past five years have risen by 100 per cent, but then admits that it has not escaped the recession in the last year or two.

a digital type word, some for some project which improves or saves some aspect of the environment or animal life. The three subjects were decided upon following a pooling of views of managers around the world and is open to contestants on a worldwide

Trail-blazer

The Swiss watch industry as included the reduction of the lions from the Japanese that basis.

Find out in
TIME

This week

The purge on China's radical leaders — this week's important cover story.

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After the Mark revaluation: the snake survives

BY OUR EUROPEAN CORRESPONDENTS

The expected revaluation

BEFORE AND DURING the recent German election campaign, Ministers continually denied that they had any intention of revaluing the D-Mark upwards. Yet financial opinion inside and outside Germany, including opinion in the Bundesbank itself, has been all but unanimous that a revaluation could not be long deferred. The basic reason for this belief was the relative success which Germany has enjoyed in reducing her rate of inflation. The visible evidence of this belief was a massive movement of overseas funds into Germany in the hope of a revaluation profit, which has once again been fulfilled.

The reluctance of the FDP-FDP coalition to admit before the election that a revaluation of the D-Mark was all but inevitable is to be found in the German business indicators. Although remarkable progress has been made in reducing the rate of inflation and bringing the level of production back to that which ruled before the recession, the level of unemployment is still very high by past standards and is coming down very slowly; after allowance for seasonal adjustments. It has been close to 1m. since the beginning of the year.

Unemployment

At the same time, the growth of domestic demand is by no means so buoyant as business men would wish, as is clear from recent surveys of business opinion about the outlook. Consumers' demand will be held back to some extent by a leveling-out of the boom in car sales which was largely responsible for the original emergence of the economy from recession. Capital investment plans have not picked up as fast as company profits, and no major increase in orders from this source is expected until well into next year. Public spending is being reduced as part of the general anti-inflation strategy. The one really vigorous source of demand at present is export markets, and an upward revaluation of the mark might tend—other things being equal, as they seldom are in the case of

German exports—to reduce export demand.

So far as the U.K. is concerned, the revaluation of the mark is likely to have two effects, one immediate and the other medium-term. The immediate effect may be some lessening in the pressure against sterling, in which Chancellor Schmidt described some time ago as undervalued. The main reason for this belief was the relative success which Germany has enjoyed in reducing her rate of inflation. The visible evidence of this belief was a massive movement of overseas funds into Germany in the hope of a revaluation profit, which has once again been fulfilled.

The snake

The medium-term effect may be some further increase in U.K. exports to Germany, which even in the first half of 1976 were (measured in D-marks) nearly one-quarter higher than in the same period of 1975. How far and how long this trend goes will be affected, of course, not only by relative prices but by the behaviour of demand in the German economy. There were already fears that the world business upturn—which is in fact based mainly on developments in the U.S., Germany and Japan—was slowing down, and it is not impossible that the German revaluation will slow it down marginally further.

From the point of view of the EEC, it may be considered a matter for congratulation that changes in exchange rates took place within the currency "snake" and that the "snake" itself remains in existence. That existence is precarious, however, so long as France, Italy and Britain are all forced by circumstances to keep their currencies outside. The most important of these circumstances, apart from the effect of political fears, is the very different rates at which inflation has developed in member countries of the EEC since the Smithsonian agreement of end-1971. This may be thought to confirm the view that greater integration of economic policy logically precedes the establishment of any European Monetary Union.

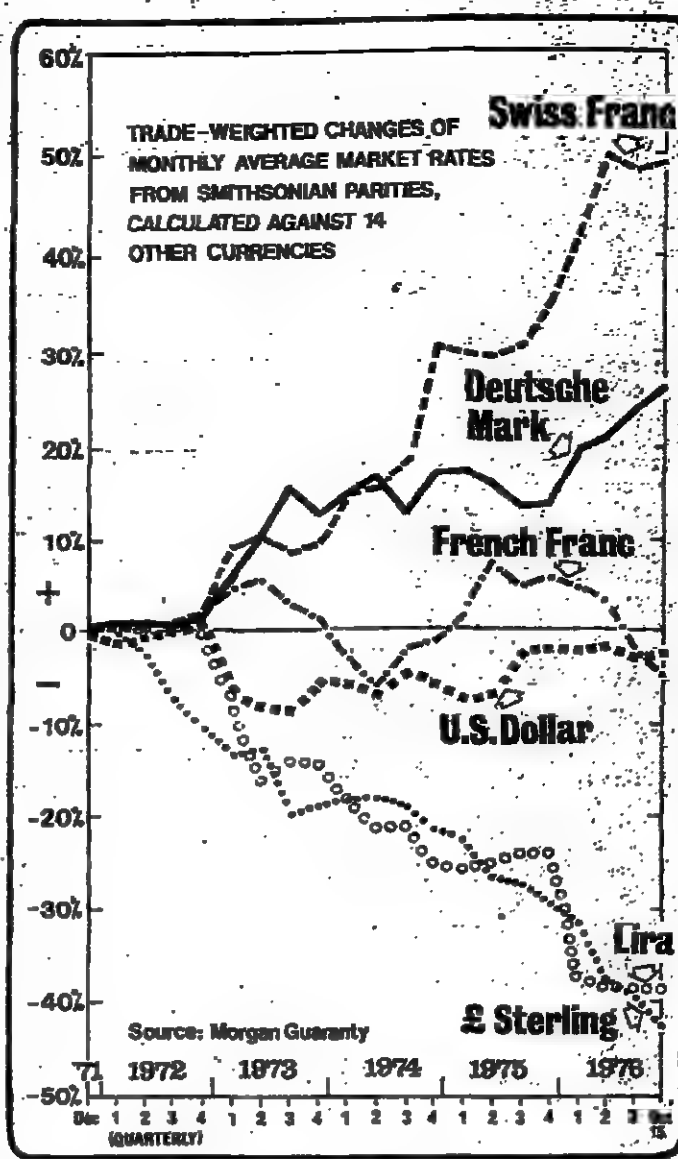
SECRET NEGOTIATIONS increasingly remote from reality. Although the disparity between inflation rates has narrowed of late, they are still wide. At the beginning of October, for instance, the yearly retail price inflation rate in West Germany has only 3.3 per cent, compared with 8.3 per cent in the Netherlands, and 9.3 per cent in Belgium.

In the light of these figures—which admittedly are not the be-all and end-all of what makes parties "correct"—the latest re-adjustment seems to have come rather late. What prevented an earlier re-alignment? It must be remembered that the origins of the snake go back to 1969, and the striving for economic and monetary union in Europe. At that time the world was still operating a fixed exchange rate system, and it was the desire of the European Governments to allow European currencies to move rather less one against another than currencies in general were allowed to move under the Bretton Woods rules.

This early idealism collapsed with the Bretton Woods system, which began to crumble from 1971 onwards. There was a short period, under the Smithsonian Agreement, when the original idea, picturesquely called the "snake in the tunnel", operated. Between May and June 1972, after the Basle Agreement of April 1972, all nine EEC currencies were indeed locked in mutual embrace. In June 1973 Britain and Denmark fell out of the snake. Italy left in February 1973. France went and came, and then left again this year.

The original idea of the snake as a first move towards European Monetary Union has taken a battering in the last two years, but, in Bonn at least, it is not altogether dead. The point is that if the system is regarded as a last bastion of EMU, it becomes difficult to concede that any rearrangement of parties is permissible. If the spirit of EMU is not uppermost in the mind of Herr Helmut Schmidt, the Chancellor, something rather equivalent to it is. He believes that the need to preserve a fixed exchange rate has a desirable disciplinary effect on national economic management—that there is nothing like the sight of a snake currency bumping against the bottom of the 2.25 per cent band to alert its Government to the fact that anti-inflationary or anti-deficit action must be taken.

Staying "up there" with the German Mark and down there with German inflation may have played some part in encouraging the governments of the other snake countries to resist devaluation within the snake. But what mattered more to these countries has been the fact that a large portion of their imports are coming from within the snake, and that a devaluation of their currencies within



the snake would have had an immediate and measurable impact on their inflation rate. As recently as October 8 the Belgian National Bank declared that this was why it would exactly follow any up-valuation of the Deutsche Mark.

Before the West German election the reverse argument probably was important to the Schmidt Government. At a moment when Germany was, yet again, depending on exports for continued recovery from recession it would have been politically delicate to have raised the German exchange rate against the currencies of trading partners who, together, take one-third of West German exports. Even without any snake adjustment the Deutsche Mark gained 12 per cent against all other world currencies in the first nine months of this year. In its reaction to Sunday's revaluation the German Machinery Manufacturers' Association claimed that it would cause a "clear deterioration" in the competitiveness of German industry. The Association claimed that 16 per cent of machinery exports and 21 per cent of machinery imports would be affected by the parity shift.

Yet in Bonn and Frankfurt there was certainly no unanimity about the right policy. Defence of the snake by the Bundesbank and the other central banks has already added DM12bn-worth (equivalent to about £3bn.) of other currencies to the Bundesbank's reserves and pushed the same quantity of additional money into the banking system. Of this DM9bn, resulted from the abortive struggle in March to hold the franc inside the snake. This money has played its part in boosting the West German money supply growth above the target of 8 per cent for this year.

With the exception of the fairly sharp devaluation of the Danish krone, the extent of the reassignment is more modest than some Community officials in Brussels had expected. If it is considered unlikely to have any major impact on the trade and payments positions of the various snake members and associates.

The impact on the Belgian trade and payments position is expected to be slight, and it is unlikely to bring about any immediate change in the authorities' current policies of defending the franc through tight monetary policy and a battery of wage and price controls. Germany, accounts for

about 30 per cent of Belgian external trade, but according to the Belgian Government's own calculations any competitive advantage won through a franc devaluation will be almost completely wiped out within a year because higher import prices will be rapidly translated into increased labour costs through the country's index-linked wage system.

Despite a huge Frs25bn. deficit during the first quarter the external payments of the Belgium-Luxembourg Economic Union returned to a modest surplus in the second quarter and are expected to be roughly in equilibrium for 1976 as a whole.

But Belgium's tight monetary policy has had to be supplemented by heavy intervention by the central bank, estimated to have cost as much as Frs90bn. (£13bn.) so far this year. Over the past ten months, Belgian foreign currency reserves have fallen by almost 40 per cent. Last month the country was forced to draw the equivalent of Frs7.6bn. from the IMF.

The Netherlands has a much stronger balance of payments position than Belgium, largely due to the value of its exports of natural gas, and its current account surplus of \$24bn. for this year is expected to be maintained into next year. But the inflation rate is close to that of Belgium, and much higher for foreign investors. More important, perhaps, particularly for foreign investors, is the Government's plan to divert "excess" company profits to a trade union fund, which has undermined confidence in the traditional balance between management and unions.

Scandinavian deficit

All three Scandinavian countries have been running large current balance of payments deficits for the past few years and all experienced a serious run on their reserves up to the German election. All three raised their discount rates recently. The Swedish rate went up from 6 to 8 per cent at the beginning of this month and the Danish rate from 5 to a record 11 per cent a day later. The Danish krone is clearly the weakest of the Scandinavians, with an economy burdened by persistent and heavy current balance of payments deficit and a massive foreign debt. Yet, because of the snake association with the Mark, the trade-weighted appreciation of the Danish currency from December, 1971, until the end of last month, was about 17.5 per cent.

The oil revenues which are now beginning to roll were expected by the Government as well as bankers to make the trade.

More bad news from the real economy

THE September figures for retail spending suggest that the brief improvement in retail sales which followed the end-July tax rebates has already petered out. Subsequently, we have learned, through a combination of bad luck with the weather and the events in the exchange markets, retail price increases are not, after all, running at an unchanged rate; they are accelerating again. There is a strong probability, then, that retail sales volume will fall again in the coming months—a likelihood made all the stronger by the inevitable increases in the cost of consumer credit.

Exports and investment are the only possible sources of growth: with growing doubts about world trade, and investment inhibited for the time being by the level of interest rates, the outlook is bearish in almost every respect.

Infection

The Government seems at last to be realising that the strain in the economy is mainly financial, and that the difficulties of financial management under present methods are now infecting what Mr. Healey calls the real economy. There is a need for quick action to relieve the financial strain: indeed, the Chancellor said in his April budget that if the monetary consequences of his policies appeared unmanageable, he might have to take fiscal action.

Unfortunately the traditional fiscal method is in present circumstances as inappropriate as traditional methods of monetary control have already proved. The Treasury instinct when quick results are required is to reach for the regulator, and raise indirect taxes. This device, which has never been of startling merit, was devised to offer a rapid way of reducing the pressure of demand: at a time when demand is already sagging from a low level, it is clearly counter-productive. The message of the retail figures is in fact the same as that of the setback to invest-

Determination

If, therefore, the Chancellor rightly concludes that fiscal action is now needed to make his monetary targets achievable without disruption, he must again turn to the expenditure side, and with greater determination than he showed in July. Until now, the attack on administrative waste, which is large and glaring, has been inhibited by the rule that everything must be done without redundancies, which in effect rules out any drive for administrative efficiency.

There has been no visible attempt to have on financial outlays, although debt service has now become the biggest single item in the spending budget, and might be significantly reduced by different methods. Housing policy still shows little response to the growing evidence of housing surplus.

It is true that none of the approaches suggested here would have as quick an effect on the borrowing requirement as would the use of the regulator; but the effect on financial confidence would be immeasurably greater and it is financial confidence which, in the last analysis, determines whether or not a given policy is manageable. If the Government puts confidence first and arithmetic second, it will be on the way to sounder policies.

MEN AND MATTERS

Sons of Jensen

Some intriguing shadows of the fallen Jensen Motors business are in evidence around the old company's West Bromwich headquarters, where a group of businessmen has taken over Jensen's parts and service and special engineering interests. The best-made cars need repairs, so it is not surprising that there should be profitable "rump" of Jensen to carry on, but it will be interesting to see how the balance of power within the new set-up works out.

As for the two continuing subsidiaries, which occupy part of the principal Jensen site, Good stresses there is "no intention of working themselves out of business." There is a possibility that the engineering side, called Jensen Special Products, will be involved in production of a new four-wheel-drive vehicle, a joint project with Stonefield Developments of Glasgow.

Jensen Parts and Service will have to think in the long term about diversification, and meanwhile will keep the world Jensen fleet going. No company likes to be thought of as being associated with dead machines, but Good relates one cautionary tale. A Jensen owner arrived for lunch at West Bromwich boasting that his car's engine had completed 150,000 miles. Hopeful Jensen people wondered if it might be time for a new one. Oh no, said the satisfied customer—he would be back after 300,000 miles.

How much was paid for the subsidiaries is not being disclosed, and Good says the shareholders of Britcar are individuals rather than financial institutions. The majority of Jensens were exported, and most of them went to the States—thus, Good says, explaining why Goot and Regalia and their backers should want to go on being involved. The one question not settled yet is who should be chairman.

A name surprisingly absent from the Britcar list is that of John Barber, British Leyland managing director until forced out under the Ryder report proposals. Barber acted as adviser to Jensen. He drew up a lengthy report on ways the business might be saved, the broad conclusion being that at least £5m. was needed to assure a future. If Jensen had survived, Barber would probably have figured on a reconstructed Board; Good does not rule out the possibility that he will be involved later on.

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COMPUTER HELPS RATEPAYERS

To be a leader in providing efficient services for ratepayers is a major reason for the recent installation of a Scottish-built Honeywell Series 1 computer system by Humberside County Council.

Among the planned services is a payroll for 37,000 employees, using remote terminals linked to the central computer. Already some 40 terminals are used by schools and by the Council's technical services staff, and the system also helps in highways design, fire prevention and the running of leisure services.

Since the system became operational at least a year earlier than originally planned, Humberside is well on the way to achieving its leadership objectives.



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Computer systems for small and large organisations

The Motor Industry

In 1975 some of the world's largest car producers approached the depths of financial despair. But now as the leaders in the industry gather for this year's Motor Show they are telling a totally different story with virtually everyone making money again.

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Terry Dodsworth

Industry Correspondent

RE COULD be no better
ple of the boom and bust
teristics of the motor
try than the events of the
wo years. In 1975 some
world's biggest corpora-
reaned under the finan-
ressures caused by heavy
ment and low sales: some
ollapsed. British Ley-
Chrysler U.K., and Citroen
them. But 1976 is a
ent story. Virtually every-
making money again, new
ments are being signed
me markets are approach-
ak conditions, and labour
during the recession is
re-employed.
Improvement in company
rmance can be traced back
rel factors. First, regis-
ns in most major markets
gone up substantially com-
with a year ago. In some
ies, indeed, they are
achieving the best that has
een achieved—U.S. sales,
ample, look certain to
ach the total in the peak
of 1973—although the
slackening in the rate
pansion may make sales

tail off in several regions.
Second, most companies
embarked on tough cost-cutting
exercises in 1975. Volkswagen,
for example, reduced its labour
force by 25,000. British Ley-
land cut back by about the same
amount world-wide. Chrysler
U.K. made 7,000 people redun-
dant. Parallel with this, com-
pany organisations were
rationalised—BL decimated its
Australian company, disposed
of Authi in Spain and Innocenti
in Italy, while Chrysler closed
its Maidstone plant and in
America some factory develop-
ments were snowballed. Despite
the cost of redundancy pay-
ment programmes these days,
the reduction of the payroll has
a very immediate impact on
cash outgoings (Volkswagen
must have saved well over
£100m. a year by its redun-
dancies), which is reflected in
reduced losses or profits depend-
ing on whether output fails to
match.

The third factor behind
recovery in a few selected com-
panies has been the injection
of new capital. This is true par-
ticularly of British Leyland,
Chrysler and Citroen. In the
case of BL, fresh capital has
been especially important, since
the company received £200m. of
new equity as a result of the
Government rescue plan, which
has helped free it from some of
the strangling interest charges
it had run up. Chrysler and
Citroen, by contrast, is being
backed mainly by loan capital,
although of a reasonably
generous long-term nature—and
Chrysler, of course, is also hav-
ing very extensive losses (up
to £50m.) met by the Govern-
ment this year.

in registrations, production has
also been rising steadily. In the
U.S. and Germany, the world's
strongest economies, the leap
forward has been particularly
pronounced, and even the U.K.
and Italy have been able to im-
prove slightly on last year. Only
Sweden, among the more estab-
lished world car producers has
slipped back.

Predicted

The financial consequences of
these changes in the industry
are easiest to see in Europe.
Volkswagen has already con-
fidently predicted that it will
make healthy profits again in
1976. British Leyland had made
a profit of £44m. by the half-way
mark in its financial year—not
far short of the best figure it
ever achieved before the Gov-
ernment rescue. Citroen has
been pulled back into profits;
and Vauxhall, having lost
money in six years out of the
last seven, made £1.9m. profit
in its half year.

At the same time the recession
has given a further push to
the rationalisation of the indus-
try within Europe. In France
the Peugeot-Citroen merger,
backed by the French Govern-
ment, has led to the formation
of one of the biggest groups on
the continent, with a production
potential about 1.6m. not far
short of Volkswagen's or Fiat's.
The links between Volvo in
Sweden and DAF in Holland
have also been radically altered
by the complete takeover of the
Dutch group, which is now
being busily integrated into the
Volvo business with a new
model line-up.

In step with the improvement

in Britain, the last two years

NEW REGISTRATIONS OF PASSENGER CARS					
('000 units)					
	1960	1970	1973	1974	1975
U.K.	865	1,077	1,662	1,509	1,194
France	638	1,287	1,746	1,724	1,482
West Germany	970	2,107	2,031	1,692	2,105
Italy	351	1,264	1,449	1,320	1,055
Japan	145	2,379	2,934	2,287	2,738
Sweden	160	283	326	260	285
U.S.A.	6,577	8,285	11,351	8,701	8,262

PASSENGER CAR PRODUCTION					
('000 units)					
	1960	1970	1973	1974	1975
U.K.	1,354	1,641	1,747	1,534	1,268
France	1,175	2,458	3,202	3,045	2,946
West Germany	1,817	3,528	3,650	2,840	2,908
Italy	596	1,720	1,823	1,631	1,340
Japan	165	3,179	4,471	3,932	4,568
Sweden	108	279	342	327	316
U.S.A.	6,675	6,550	9,667	7,325	6,717

Source: S.M.M.T.

has also witnessed a vast change
in the relationships of the
General Motors and Chrysler
subsidiaries to their Continental
partners. One of the main con-
ditions of Government help for
Chrysler U.K. was that its U.K.
operations would be more
firmly integrated into the
American-owned group's French
(Simca) and Spain (Barcellos)
interests. This has already
begun, with Chrysler U.K.
taking components for the
Alpine model from France and
manufacturing the vehicle at
Ryton in Coventry, and the
Stoke engine plant, also in
Coventry, making engine parts
for Simca.

Equally, Vauxhall, the
General Motors company in
Britain, has pushed ahead

vigorously with combined manu-
facturing moves linked in with
Opel, GM's German subsidiary.
Body parts, for example, are
swapped between the two com-
panies for the Chevette and the
Opel City; and the Cavalier,
made from Opel-produced parts
in Belgium, is sold under a
Vauxhall badge.

These moves by Vauxhall and
Chrysler, predicted for many
years but slow to take off, will
clearly give the two companies
the advantage of much improved
economies of scale. Indeed,
after a period in which the
problems of Vauxhall and
Chrysler gave a tarnished
image to the car multinationals
in Europe, these big interna-
tional groups seem to be
making much of the running

once again. Opel and Vauxhall
have produced a range of
models which can compete with
any in the business. Chrysler
has come up with an immediate
success in the Alpine, and Ford
is forcing its way into the top
league of European producers.
Estimates suggest that Ford
(with a capacity of 1.7m. cars
in Europe), is now standing at
about number three in the
table, behind only Fiat (1.85m.)
and Volkswagen (1.85m.).
This great leap forward by
Ford has been achieved by con-
tinuing its investment
programme in Europe at a time
when the domestic manu-
facturers were severely strapped
for cash. In particular this has
been centred on Spain, where
Ford has put \$800m. into a new

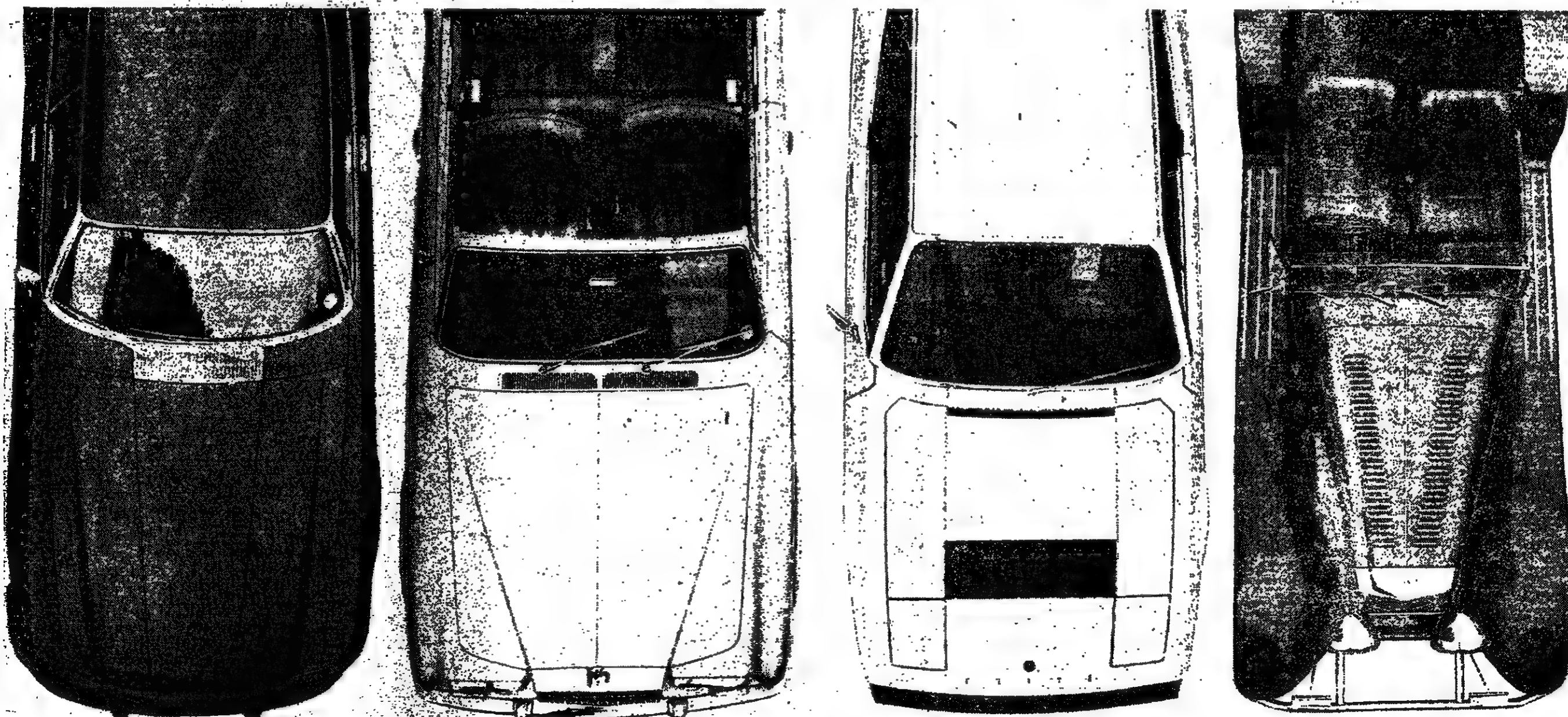
plant at Valencia to make its
new small car, the Fiesta. In
total, taking in an output of
about 250,000 cars from
Valencia, and plants in
Germany and the U.K., Ford
will be able to produce the
Fiesta at the rate of 500,000
vehicles a year, and has given
itself a considerable net
increase to a production
potential of about 1.7m. vehicles.
Some European producers
can compete with this in terms
of size. Others, notably British
Leyland in the U.K., are no
longer able to. The way for-
ward for these manufacturers
must increasingly be to seek
economies on component manu-
facturing by combining with
each other, and to try and
develop special marketing
niches for themselves. On the
marketing side, such policies
have already been developed
effectively by specialist pro-
ducers such as Mercedes, BMW
and Jaguar, and by larger-
volume quality producers like
Peugeot. BL, after its abortive
bid to reach into the top league
with plants in Spain and Italy,
will probably try to develop a
Peugeot-type role.

Moves to combine manu-
facturing are few and far
between at present: the joint
engine plant backed by Peugeot,
Renault and Volvo is the most
celebrated; and the Peugeot-
Citroen merger has been
followed by a new Citroen
model, called the LN, combin-
ing a Peugeot bodysheet with
Citroen mechanical parts. But
more developments are
expected.
On the marketing side, as opposed
to the manufacturing side, the
biggest issue facing the industry
is exports. All developed nations

are concerned to keep a healthy
trade balance on their motor in-
dustry products, and the tradi-
tional position has been dis-
turbed considerably by the emer-
gence of Japan into Western
European markets, and the vul-
nerability of the U.K. and Italy
to imports from almost any-
where. Inevitably these trade
imbalances have been followed
by outcries against the Japanese
and East Europeans; but Britain
has performed particularly
badly as an exporter of cars.

There are hopes that this posi-
tion will improve next year,
when the Society of Motor Manu-
facturers and Traders is predict-
ing a 29 per cent. increase in
export production. Indeed, the
S.M.T. is looking for a very
general improvement in
Britain's motor industry next
year, with a 6 per cent. expan-
sion in registrations (to 1.35m.
cars), and a 19 per cent. in-
crease in output (to 1.61m.
units). At the same time, the
components exporting business
is continuing strongly enough to
give Britain an extremely
healthy trade balance on motor
products.

There has been some fear that
the erosion of British car manu-
facturing base would persuade
component producers to invest
abroad rather than at home. But
Lucas, for example, has just put
another £80m. into the U.K., and
the Government support for
Chrysler and BL has given the
component producers added con-
fidence. From this base, Britain
is still managing a healthy ex-
port business. This year the
U.K. should make about £1.8bn.
net on its motor trading, a 20
per cent. increase on 1975. That
is one statistic the industry must
be happy about.



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THE MOTOR INDUSTRY II

Competition in smaller cars

THE BULK of cars sold in Britain and Europe today are small- to medium-size, four- to five-seated saloons designed around the needs of the average family. To be successful in meeting the requirements of this market, a car needs to be reasonably roomy inside and to have adequate luggage space. Once these needs are satisfied the design must be sufficiently cost-effective for the car to command a competitive price, and sufficiently conventional to appeal to the broad mass of people.

Above all it must retain its attractiveness in the popular market. With over 60 per cent of all sales concentrated on cars of this kind in Britain today, manufacturers cannot afford much bold experimentation.

Motor industry analysts tend to divide this central core of the market into cars of two kinds—smaller vehicles of about 13 ft long—like the Leyland Allegro—which are basically four-seaters; and cars of about 14 ft—like the Ford Cortina—which are adequate five-seaters. In recent years most major manufacturers have worked towards a position of having a model to compete in both sectors (Ford's Escort and Cortina, Leyland's Allegro and Marina) despite the danger of having two cars fairly closely positioned in the market.

The medium five-seater sector was pioneered back in 1962 by Ford with its Cortina, which slotted in above the Anglia. The development of the next three series of the Cortina also saw the elongation of the model (Vauxhall's Viva grew similarly in size as the motor companies responded to growing affluence by giving their customers a larger package), with more engine power.

Behind the Ford strategy was a grand design to get away from the working man's popular car image of the 1950s, and produce a vehicle which could establish a grip on the growing company car market. The Cortina proved to be the right package to do this, and as Ford moved it slightly up the market through a series of face-lifts, room was made for the Escort underneath. Inevitably other companies followed—Vauxhall with its Viva,

NEW CAR REGISTRATIONS IN BRITAIN '000					
(by cylinder cc)					
	1966	1973	1974	1975	Seven months to July, 1976
Up to 1,000	202	197	189	174	78
Per cent of mix	19%	12%	15%	15%	12%
1,001-1,600	545	585	645	656	485
Per cent of mix	51%	54%	52%	56%	60%
1,601-2,300	272	496	341	294	170
Per cent of mix	26%	30%	28%	25%	25%
Over 2,300	46	68	58	42	22
Per cent of mix	4%	4%	5%	4%	3%
Total	1,065	1,346	1,234	1,167	675

Chrysler with its Avenger and Leyland with its Marina. None made the same impact. Between them the Cortina and the Escort have held the top two positions in the U.K. market for about a decade.

Thus throughout the 1960s and early 1970s the British—and the world's—motor industry went through a process of gradually scaling up model sizes. In Japan, for example, known only a decade ago for its diminutive vehicles, Datsun has given up manufacturing any vehicle of less than 1.2 litres.

This process was given a severe jolt by the oil crisis of late 1973. Suddenly the motor industry had to switch its attention to more economical and smaller vehicles, with a consequent interest in the mini sector. In fact, this has created a need to down-grade sizes and readjust both models and engines in the middle ranges of the market as well.

Noticeable

It is quite noticeable at present, for example, that there has been a swing in Britain towards the four-seater type of car at the expense of the five-seater. In the first three months of this year small car sales went up from 33.15 per cent of the total market to 36.44, a rise of 3.29 per cent, while medium cars lost ground slightly from 30.70 per cent to 30.70 per cent. Equally, sales have swung towards the 1,000 cc to 1,600 cc engine range.

This upswing in the small car sector was caused partly by the

buoyancy of Ford Escort sales as the new model, launched in 1975, began to gather impact. At the same time the new Vauxhall Chevette was making an increasing impression, and the Volkswagen Golf was picking up sales.

It is significant that all of these cars are models launched since the oil crisis, that in each case the manufacturers have made a big issue of their fuel economy, and that both the Chevette and the Golf have borrowed many ideas on design from the mini sector.

What the designers of the last two cars have done is to take the wedge-shaped concept pioneered by the Leyland Mini and wed it with the rear-door hatchback configuration to produce roomier vehicles than the average in the class.

The idea of course is not new. Renault has used the hatchback idea (also utilised in the Leyland Maxi) for several years in its smaller models. But the adoption of the concept by two more major European manufacturers shows that it is gathering force to become the predominant styling fashion for smaller cars. Even Ford is reported to be thinking of a similar design for its next generation of Escorts.

One result of this development is to blur the divisions between what are known as the mini and the small car sectors. Cars like the Golf, for example, clearly owe a great deal to the design thinking which was sparked off by the pioneering front-wheel drive

small cars from Leyland and Fiat in the 1960s. But the Golf (12 foot 3 inches in length) is closer to the Escort size (13 feet) than the Leyland Mini (10 feet), and the consequence of this kind of development is that manufacturers run the danger of cannibalising sales of one model from another. How many sales will the Ford Fiesta (12 feet 8 inches), for example, take from the company's Escort; does the VW Polo (11 feet 8 inches) overlap too much with the Golf?

Difference

Ford can at least point to one basic difference between the Fiesta and the Escort: the latter has front-wheel and the latter rear-wheel drive. There is a strong argument in many European markets for having such a split.

In Germany, for example, front-wheel drive vehicles have had a slow take-off, and in Britain the fleet buyers who account for about 50 per cent of sales much prefer conventional drive systems. On this basis a manufacturer can pursue the private market with his front-wheel drive vehicles, and the fleet customer with his conventional models, a strategy deliberately followed by Leyland with its Allegro (FWD) and Marina (RWD) cars.

This thinking may come under increasing challenge, however, during the next decade. Because of the drift towards smaller vehicles manufacturers must

look for ways of giving a more effective space package within more restricted overall dimensions, and the only way to do this is to go towards a design using a transverse engine driving the front wheels.

These may still attract the criticism from fleet buyers that they are more difficult to service because of the inherently more complicated engineering which goes into cars of this type. But manufacturers are already working hard to combat this criticism, partly a legacy of the crowded engine compartment of the original Mini.

It is significant in this context that Ford has laid great stress on the design characteristics of the Fiesta which will reduce the cost of maintenance. Ford is clearly aiming to capitalise on its current domination of the fleet market to try and sell the Fiesta to the same fleet customers.

So far Vauxhall (and its German sister company Opel) have resisted this trend towards FWD vehicles. And Chrysler/U.K. is keeping its options open by revamping the Avenger and going for a conventional drive system in the planned new 424 model—a Chevette-type vehicle. But Chrysler, with its highly successful Alpine, has shown that there is a good market in the larger family car sector for the newer design and engineering concepts. The way in which other car manufacturers respond to the dilemma posed by the alternative drive systems and the need to increase interior space within smaller dimensions will be one of the big issues of the next ten years.

Terry Dodsworth



The new Rover 3500.

The executive market

THROUGHOUT THE history of the motor industry there has been a market for premium cars which offer the customer a little more refinement than the popular models. But in the early 1960s this market took on a distinctly different shape. Within the space of three years, between 1960 and 1963, the Rover 2000 and the Triumph 2000 were launched in Britain, while in Germany the BMW company was rescued from collapse by the Bavarian state. The new models from these three companies coincided in timing with the emergence of the affluent post-war executive class reared by the big public companies: the "executive" market had been created.

To-day, car marketing men think of the "executive sector" as a clear-cut entity with a well-established set of criteria. To appeal, an executive car must have stylistic elegance, a high level of internal trim, adequate space for five people, good load-carrying capacity, lively performance and reasonable economy. For this collection of virtues, customers are prepared to pay a premium price over and above the norm for a large popular car; and it is because of this higher sales and profit margin that car manufacturers are prepared to cultivate this sector of the market.

The growth of executive car sales has, however, inevitably led to changes within the manufacturing operation which are bringing the methods of luxury car production closer to those of popular cars. The experience of the 1960s persuaded more manufacturers to create their own executive-type models; and other manufacturers which had for many years been producing a high-quality image decided to invest in new models and longer production runs. These changes began to infiltrate into design departments in the late 1960s, and are now becoming apparent in new models actually on the road.

Profits

The big question facing manufacturers now is how they can continue to make the kind of healthy profits that they have in the past out of cars of this kind. The attraction of executive car production used to lay in the relatively low volumes involved. This put a premium on skilful workmanship and good quality control, and meant that the finished product could be sold at a relatively higher price. But within the last three years several things have happened to alter the equation of manufacturing costs to sales. The first is the oil crisis, which may have a lasting effect upon sales, or at least force the design of rather smaller and more economical executive cars: the second is the creation of very much greater manufacturing

ing capacity; and the third is the entry of new manufacturers into the field. Prices may well have to get more competitive to accommodate these new forces. In broad terms the specialist European market-to-day breaks down as follows:

1. British Leyland's Rover 3500: this model, designed to replace both the Rover 2200-3.5 series, and the Triumph 2000, could be produced at the rate of 150,000 units a year, about twice what was ever achieved by the two earlier models. The year against about half the volume planned for the car, and two years ago.

2. Volkswagen's new Audi 100: this car is also planned as a high volume model—up to about 350,000 units a year. Again, this is about double what was achieved by the previous car, and indicates that Audi will be trying to challenge the predominant position of Mercedes in Germany, and also to press hard in export markets.

3. Renault's R30: The new Renault uses a V8 all-aluminium engine—developed jointly by itself, Volvo, and Peugeot. This engine is the key to the company's expansion into the luxury class and away from its popular large-volume models, since, because of French legal restrictions, most engine development has been concentrated below the two-litre level. Like both BL and Audi, Renault appears to be aiming for relatively large volumes with the new vehicle—it has a potential for well over 100,000 units a year—and, like them, it will be using different engines in the same bodyshell—the R30 is the same car except that it uses the R16 engine.

4. BMW's 3 and 5 Series models: between them these cars, both of which were launched within the last two years, can be produced at the rate of 250,000 units a year—about a 20 per cent increase on a year ago. Mercedes's W123 model: Eventually this is expected to replace the "compact" body shell on which all the present range of smaller Mercedes models are based. Within the last two years, the emphasis of Mercedes production has moved away from the luxury S class towards its more modest range of specialist compact cars, and with the launch of the new model, the company's productive capacity is continuing to increase at the steady 10 per cent or so a year that it has achieved in recent times.

6. Peugeot 604: Based like the Renault 30 on the new, jointly produced V8 engine, the 604 represents Peugeot's attempt to attack the Mercedes-type market. The car slots in at a slightly higher than competitors like the Rover 3500 carrying a price disadvantage. The company is planning to mature a year or two before new capacity in this sector.

7. Lancia's Gamma: This replaces the Lancia Beta model, adding fresh capacity to the European industry: about 20,000 units, which the company is planning to mature a year or two before new capacity in this sector.

8. In addition to the above, Saab and Volvo cars compete for executive sales. Citroën has replaced its Series with the new CX, a volume manufacturer like (with the Granada) and the Commodore) are manufacturing companies.

The future of all these models, partly depends on the impact of internal economic recovery. Their designers were developed in the era of affluence, and optimism of 1960s; and the new cars, unless there is a sustained recovery of Western European economic condition, and a term recovery in the market to the U.S., the fit cannot be at all assured for these models.

Not is it at all clear present which models are placed in terms of what offer as an overall package, key factor in this context engine power and performance. The known engine in the market will go to the expense of smoothness. For example, is a considerable gap between the use of the 3.5 litre Rover engine and flat four which powers the Lancia Gamma—some will undoubtedly regard Gamma as underpowered, some will feel that the engine is unnecessarily large for a car of its class.

It is interesting to note Mercedes, which has a history of success with its market models, has detected steady drift towards its cars since the oil crisis. 27 per cent of its production last year was of diesels. On the other hand, Mercedes believes that customers will turn to pay for quality finish—its new W123 model about 9 per cent more expensive than the old compact indications, are that motorists want are not so cheap cars, but rather economical ones.

MARKET SHARE BY CLASS (JAN-MAR)			
(All figures expressed as % of total market)			
	Change %	1976	1975
Small cars	+3.29	36.44	33.15
Medium cars	-0.06	30.70	30.76

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Catching up with the Mini

IT HAS TAKEN the rest of Europe a long time to catch up with Britain's 17-year-old Mini. But now that the other big European companies have done just that, British Leyland looks to have been left well behind the field. Nearly every significant European concern now has a contender in the Mini market—Fiat, Renault, Peugeot, Volkswagen all have relatively new models in their line-up, while Citroën has just announced its new mini LX model on the Continent to coincide with the launch of the Ford Fiesta. A situation seems to have been reached in which a mini-type car is regarded as a vital ingredient of every company's model line-up.

Given the popularity of this type of car it may seem strange that British Leyland's plans for a replacement to its

own Mini have been so severely questioned. But the fact remains that it is not easy to make money out of small cars. A smaller package commands a much reduced price in the showroom—the cheapest Leyland Mini, for example, sells at about half the price of a mid-range Leyland Princess—but the cost of the materials in a car of this kind are not comparatively less than in a larger model; and the cost of manufacturing can also be disproportionately high in a smaller model, particularly in one which involves the added difficulty of front-wheel-drive assembly.

Nevertheless there are strong arguments for a popular car manufacturer having a mini in the line-up. First, it is the kind of car which tends to be a first-time buy; it introduces a new customer to the company, and may be a strong factor in breeding a new generation loyal to the marque. This becomes a particularly important consideration when all the competitors have a rival car in the same class.

Fuel

Second, the small car sector is now growing appreciably within Europe in response to the need to conserve fuel. In Britain, for example, the Leyland Mini and its imitators account for about 15 per cent of all sales, and are expected to be taking about 30 per cent by 1980; in the rest of Europe, vehicles of this kind account for much more of total registrations—about 27 per cent—and are expected to go up to 30 per cent by 1980.

In Leyland's case there is a further argument for supporting the Mini and its replacement: the fact that it has a dealer network built up on volumes which are dependent on having a mass-produced small car in addition to its other models. This is true in both its home market and on the Continent, where the Mini has con-

sistently accounted for more than 30 per cent of total sales in the past. Without the Mini, British Leyland would be a very different type of company from the one it is to-day.

The question remains, however, of how the motor companies are to make money out of these kind of small cars. One answer is by achieving really adequate economies of scale. This implies producing cars at a rate which has only been achieved in Europe in the past with the Volkswagen Beetle. Ford, in particular, is backing this approach with the development of the Fiesta, which will be made in Spain, Germany and the U.K., and which could be turned out at between 500,000 and 600,000 units a year. At such a rate of production the cost of manufacturing vital components such as engines—a process which can be highly automated, but which demands very heavy capital expenditure—is reduced quite considerably.

Another approach is to design a car which can utilise some of the components which go into other models in a company's range. This, for example, is being done with the VW Polo (being produced in combination with the identical Audi 50, at the rate of about 200,000 units a year) which uses an engine designed for the larger Golf model as well; and at Citroën, which since the merger with Peugeot has rushed through a design for its new LX model which is based on the Peugeot 104 bodyshell, but uses the Citroën Ami mechanical components. The aim of the Citroën model, quite clearly, is to head off the challenge of the Fiesta by capitalising on the great brand loyalty available to the company, while at the same time utilising the big scale economies available to the larger, merged group.

A third method of approaching the problem would be to get a special niche in the small car market which would also allow the company to command a special price. Because of the space

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CHEVETTE

the range

Sales of hot rods dwindle

JALIST and super cars ticularly in respect of engines, always hogged an in-ate amount of the time, whether at a motor show or a racecourse car park. All the rest have opted for low output where they can and knowing-eye on the models and reel off can produce.

Leyland depends heavily on exports to the U.S. and sales in this country (ake less than 2 per cent. of the total market). So the way has been left open to enthusiasts producing for enthusiasts. Aston Martin's house of Joe Bloggs, or disappeared, but there will be gerindini, have coachwork, jodies, and are altogether quite "too-too" different from the average Cockney

owners of these often expensive forms of self-gence are immediately en- d with a level of virility sophistication which can be times almost embarrassing. have to endure from about er cent. of lesser mortals a nudge and a wink and the vatorial "I'll bet that cis the girls."

re sales of these cars account minute percentage of the market and it is rare that can be used to their full itial. Keeping the heads of anies that build them water has proved an st impossible task and there been many failures over cars.

duction costs have gone gh the roof and more than manufacturer admits that if were not a U.S. market would not be a sports car try at all. Yet production nues and interest is as as over. Even the most ned functional motorist d be sorry to see the super disappear and far from being lost several manu- ers are either coming or expanding as demand ers from the recession of a crisis.

keep things within bounds has been an increasing 7,500 to over 10,000. At the moment the factory dy in mass production, par-

week but this is expected to increase to 65 by the end of next year, half of which will be Exports. The company is selling a CKD (completely knocked down) version and is exploring the possibility of a Middle East franchise.

Expensive

The company feels that the more expensive end of the market will bring more stability and is keen to emphasise that it is now catering to the exclusive market rather than boy racers. One of the most notable features of the last few years is the disappearance of the hairy monster. The aerospace cockpit has replaced the four-horse chariot and the desire to be a Fangio fighting with the wheel is as outdated as goggles and leather helmets.

Yet there is one company, Morgan, which still produces a traditional sports car, and at a price which is a little surprising for a hand-made car. This is the 44, which sells for just over £3,800 complete with traditional sidecars instead of windows and modified 1910 front suspension. Anyone placing an order to-day would be unlikely to gain delivery in less than three years and by that time the price will have gone up.

Morgan, too, exports over half of its production of about 400 a year, but not to the U.S., where emission and safety controls get in the way. Each body is hand made, except for the wings, on a chassis and ash frame and every year enough people come along who would like Morgan's traditional product. A few years ago the company decided to test the more modern waters of the fibre-glass body of contemporary design, but found them very cold and never ventured in again. Instead it produced a version with the Rover V8 engine, which this year incorporates the new five-speed gear box and that is the nearest there is to a modern hot-rod sports car.

At the other end of the British scale, allowing that Rolls-

Royce still produces a convertible Corniche for the sporting motorist. Bristol is introducing a new model—the 603E and the 603S at £19,350 and £19,650. The company says that a 5.3 litre V8 is more economical than the S with its 5.8 litre V8. The company concentrates, like R-R, on a smooth, quiet ride and is suitably vague about power output or top speed. It also produces a 412 in targa version at just under £17,000 and total output from its Filton, Bristol, factory is 150 a year.

Exclusiveness and the fact that it is a full four-seater are the main claims of Bristol and the majority of its cars are sold on the U.K. market. But it is hoping to move into the U.S. with the 412 before too long.

The U.S. 100, is the main aim of two other household names—Ferrari and Mercedes. Mercedes has two two-seater cars in the 350SL and 450SL but it likes to include its 450SLC, a two-door hard-top coupe in the bracket. Only the 450SL goes to the U.S., but the U.K. takes both the 450 and 350. The cars have a fully detachable roof and there has been a significant revival in interest over the last 15 months.

Increasing prices have seen a consequent rise in second-hand values and often owners have been able to trade-in cars after a year or so for little or no loss, unless inflation accounting is applied. Ferrari, too, reports that it has at times paid more to take a car back than it was sold for originally.

Production figures for the 450 and 350 show clearly the heavy reliance on the U.S. Total 1976 output is expected to be 8,353 units, of which 7,540 will be exported—6,000 going to the U.S.—all 450.

Ferrari is looking to its new 400 automatic GT to pick up transatlantic sales. This will be the first automatic produced by Ferrari and will have a 4.8 litre 12-cylinder engine. The company was hit by strikes in the first four months of this year and has been producing only two eight-cylinder models. Output will now be boosted by the

400 and a five-litre, 120-seater flat 12, the 512BB, which will be available on the U.K. market for about £21,000.

The U.K. agents, Maranello, are also taking a careful look at the Japanese market, where sales are already improving and where the Porsche is very popular. The Japanese are very snobbish indeed about their cars—and many other things—and although they, like us, drive on the left the rich buyers often specify left-hand drive cars.

The company, which is 50 per cent. owned by Fiat, makes about 1,850 cars in a full year. It has not made a convertible since 1969 but targa versions of the Dino proved popular in England and may be available as an alternative on the Dino 308GTB next spring.

Further evidence, that the Italians at least are determined to see that their super car producers can keep going is seen in the case of Maserati and de Tomaso.

Citroen bought Maserati to produce V6 engines for its SM but put the company back on the market in a time

of financial squeeze. Omar Orsi of the U.K. sports car market can be directly related to Ley-

land's ability to release production capacity for the U.K. rather than abroad. Through it claims would not survive, in the same breath it says that the removal of the threat to open cars has given a new breath of life to MGBs and Spitfires.

However, one company that is spreading its range is Panther Westwinds. This grew out of combining modern technology with nostalgic, almost reproduction bodies. The company produces about eight of its J72 sports model a month for £12,000 each and two a month of the DeVille limousine, which is being joined by a drop-head version at £23,000. It has recently added a four-door Triumph 2000-powered Rio at £11,000, but for the Motor Show has at last spread its wings.

The new Lima is the result of a link with General Motors which will take the company into the volume production league. The Lima will be powered by a 2.3-litre Vauxhall engine, and will be sold through Vauxhall dealers. The company already has orders for 350 of the two-seater open sports

Nostalgic

Sales of the MGB have been discontinued in Europe, though there are still some personal exports, and Leyland has stated that the TR7 and XJ-S could be produced solely for the U.S., so the picture could look bleak for U.K. sports car buyers.

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cars. The total size

models and expects this figure to increase to 500 in the first year.

It is negotiating to open a plant, probably in Spain, to build for the rest of Europe, in which it will have a 50 per cent. stake but will not be required to put up the capital. The same could apply in California and Japan, which would also produce for Australia.

"To put it mildly, we are booming in a big way," says founder Bob Jankel, who added that there had been an enquiry for 5,000 of the Limas for the U.S. This will be the first time that the company has been in open competition with other makers, instead of producing a few cars for eccentric millionaires.

Its success, or failure, will, along with the resurgence of TVR, show whether the new breed of specialist car manufacturer can do better than some of its predecessors who became so unwieldy they could no longer manoeuvre when costs soared.

The public is coming back to open-air motoring and has grown used to high petrol costs. Executive salaries have been quietly rising and there are still people making their fortunes. The Middle East market has opened up and the sun has shone all summer. Doubtless there will still be problems, but for the time being at least the finger nails are being given a little time to grow.

Stuart Alexander

The Mini

CONTINUED FROM PREVIOUS PAGE

of new models in the smaller size categories of the popular car range, the mini-type design has been blurred into the small family type design exemplified by, say, the Escort. For example, the Golf measures 12 feet 2 inches in length, which is not far short of the Escort (13 feet); the Polo is 11 feet 6 inches; the Renault 5 11 feet 6 inches and the Fiat 127 11 feet 9 inches, while the Leyland Mini, which may be regarded as the progenitor of the genre, is just 10 feet.

The Mini, in fact, has a very definite size which, although producing disadvantages in terms of luggage space, has given it the particular run-about appeal which has led to continuing popularity with younger motorists, and with customers needing a small second car. Be-

cause of this special appeal of the Mini, it is likely that Leyland will also try to make its replacement model shorter than the majority of the opposition's cars.

Strides

Despite the growth of the European small car market, and the obvious strides which manufacturers have made towards achieving better economies of production, manufacturers look like being left with a tough challenge to sell their vehicles at a profit. With the launch, during the last 18 months, of the VW Polo, the Ford Fiesta (in Germany only so far), and the Citroen LX, a lot of extra capacity has come on stream. Add on British Leyland in two

years' time, in a development in which it apparently hopes virtually to double present Mini capacity of about 250,000 units a year, and it is clear that manufacturers will have to sell hard to stay ahead of the game.

One point about this competitive battle is that it is going to be waged with new models representing a considerable improvement in specifications and engineering on what was available a year ago. Dated vehicles like the Chrysler Imp have been dropped, and several models such as the Citroen 2CV or Simca 1000 are beginning to show their age. They are being replaced with cars which have up to date engineering, and a lot of new thought on trim, styling and internal space; more thought, in fact, must have gone into these kind of cars in

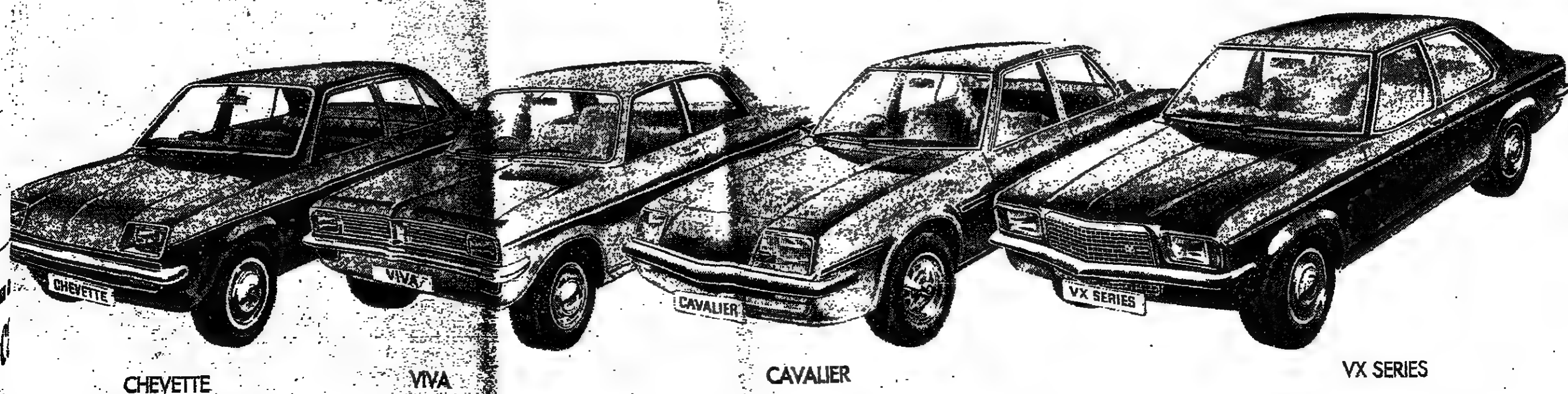
the last two or three years than for about a decade, as the industry has begun to adjust to the oil crisis.

The new vehicles also mark a return to the use of engines with smaller cubic capacities which are capable of producing improved running economy. The Polo, for example has an 85cc engine, the Renault 5 a variety of units below one litre, and the Fiesta a new 857cc engine. One of the key questions consumers will be asking about these vehicles is what kind of performance they can expect. And for the British industry, which has moved markedly away from small engines during the last decade, it will be important to develop the low capacity Mini and Imp engines to a competitive level.

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See the range everybody's talking about at the Motor Show or at your Vauxhall dealer.

You'll like what's happening at Vauxhall.



With the announcement of the new Cortina, Ford of Britain's chairman and Managing Director, TERRY BECKETT, explains FRANK PAGE some of the basics of successful product planning

Getting it right first time

FORD OF BRITAIN confidently expects its new Cortina to continue the successful performance of its predecessors. Each sold more than a million, has been top best seller lists and has been a favourite of fleet buyers across the country.

In fact, the success of the Cortina has been a crucial factor in the fortunes of Ford during the 15 years. It has also been a major influence on the personal life of Terry Beckett, Chairman and Managing Director of Ford of Britain.

For the Cortina was the first of some skilful and painstaking product planning and development at Ford when the new car was developed. It was the first co-ordinated effort of product planning in that way that we have done before.

There are three major landmarks in the fortunes of Ford of Britain. The first came in 1932. It did not join the company

until 1950, but he talks about the depression years as though he was part of the team even then. The company had lost over a third of its dealer network in the previous year and it was well on the road to going out of business. It was the depths of the depression and we only had the big American cars on the lines. We told Henry Ford - the first Henry Ford - that we had to have a mass seller or we couldn't survive. The result was the Model Y, which later became the Popular and was the first £100 car.

That gave Ford two areas of attack on the market, and the company expanded steadily by energetically exploiting them. The Popular led to the Anglia and Prefect, while in post-war years the big American designs were superseded by the Zephyr and Consul models. Then in the mid-fifties it was decided to expand a third range and the planners started exploring the possibilities either of a new small car - smaller

and cheaper than the Anglia - or a medium-size car to span the gap between the Anglia and the Consul.

'We wanted to develop something that would enable us to make money' says Beckett. 'But we weren't making a great deal of money on the Anglia then and we knew that if we went smaller we could make very little. But if we went larger - too large - we could make money on each car but we would not get volume production. So the Cortina evolved as the fulcrum-point model - the one which would give us both unit profit and volume production. It had to be aimed at the expanding market segment which needed something that offered the room, comfort and luggage capacity of a big car at the low price and running cost of a small one.'

And that's where the planning came in. By the time Cortina was unveiled, Beckett had been running Product Planning for seven years. He had time to evolve his own philosophy of the job, which is clearly still very important to him.

'There's no great secret about successful product planning. It is basically an entrepreneurial activity, bringing together the requirements of the customer with the disciplines of design engineering, cost control and manufacturing. You have to meet objectives which are consistent with one another. It's no good going for a bigger car than the engine will pull. And it's no good then deciding that you need a bigger engine and finding you haven't got enough braking. That way you find everything pulls against everything else and in the end you have to start all over again.'

'So we find that we have to plan a whole set of objectives worked out in minute detail and absolutely consistent one with another. And that's where planning, judgement and experience comes in - only with those can you hit your cost, weight and investment targets. And with the first Cortina we hit all three right on the button.'

That is why 1962, the year in

which Cortina was launched, became the second major landmark in the company's development. The first Cortina sold 1,010,089 between 1962 and 1966. The second version sold slightly more between 1966 and 1970. And since then, 1,126,559 Mark III's have been sold. Now the new version comes to the market with every hope of continuing the Cortina success story into the 'eighties.

First impressions are that the new model, like its predecessors, has taken the Cortina a step further up-market. I asked Terry Beckett whether Ford was moving too far in that direction. With this level of specification and price, can it still maintain high volume and good unit profit?

Beckett answered with confidence: 'This car will not depart from our vital standards in terms of customer preferences. We have to keep every new car to the continuing moving staircase of rising costs for us - and rising income and expenditure for our customers. We don't think that this one has got away from us on the staircase. Of course the car is more expensive than the first Cortina: how could it be otherwise? But it still provides the basic package which made the original a success - low cost of ownership for that class of car, a high level of appointment and a good resale value.'

Important

'I would put special emphasis on the good resale value because that is particularly important for the fleet buyer - and the Cortina has always been a firm favourite with fleet users. In that field the buyer knows that if he can get a good resale value when he parts with the car then his total holding cost of the car is reduced, and that's very important to him.'

In fact, the Cortina has always been the spearhead of Ford's attack on the fleet market. The company has well over 50 per cent of the car fleet market in Britain and about half that share consists



Terry Beckett with new Cortina. Background: its predecessors, which have reached 3 million customers

of Cortina sales. By satisfying the exacting standards of the fleet buyer, always regarded as the most critical and most cost-conscious customer in the market, Ford is also turning out vehicles which keep the traditional Cortina buyer happy and coming back for more.

Market research indicates that the typical Cortina owner is a man in his thirties to mid-forties, married with one or two children. Three out of four owners regard having a car as essential to their way of life.

The car is in daily use for commuting or station journeys; in many cases the owner's wife then uses the car for school trips and shopping. At weekends the typical Cortina man uses it for shopping, visiting friends, entertainment outings or trips to the seaside or country. Well over 80 per cent of owners use their Cortina because it is the cheapest form of travel for their families during holidays.

One other point which influences the buyers, both fleet and private, is the service back-up for Ford. Beckett is unequivocal about it: 'We have the best dealer set-up in Europe' he says. 'The customer likes to know that he is backed by first class service. We are very demanding with our dealers, but we reckon we have a right to be so when we put the

amount of money we do behind the product. The dealers recognise that we have that right and they expect us to push them.'

Eight years ago, Ford completed a major restructuring of its dealer network, during which it surveyed virtually every local market. 'We determined then what the potential was, decided what the ideal dealer location would be and what sort of facilities would be needed in each locality. We also worked out what sort of finance would be needed and computed what sort of return the dealer could expect if he was efficient. After all that, we knew when we had a viable deal for a dealership and that we could specify that it would need to be that size, with so big a showroom, such-and-such a spares store, this kind of truck business, and so on. We then had a right to expect that the dealership would perform to that level because if they didn't they couldn't succeed and neither could we. Yes, we are demanding; but only within that total rational assessment. Good dealer profitability is the whole basis of our relationship.'

So the new Cortina comes to the British market with every prospect of a long and profitable extension of its life. But that still marks only the second milestone in the British Ford company's history. The third is 1976, because of the introduction

of the Fiesta - the small front-wheel-drive car which was unveiled during the summer and will be coming on to the market in the New Year.

Different

If a small car was not a viable manufacturing possibility in the 'sixties, what is so different now that Ford, as a whole, is spending more than a billion dollars to launch Fiesta in Europe? Terry Beckett's answers are readily forthcoming. 'There are four main reasons why we are now going from three ranges of cars to four (you could say from four to five, because we have brought in the Capri since the Cortina launch, but they are more speciality cars and a little outside the mainstream). First, the market segment began to grow in the early 'seventies, particularly in the markets like Italy and Spain. People who buy cars like the Mini, the Fiat 127, the Renault 5 and the Polo have grown to about 15 per cent of the market during the past four or five years, where before they formed only about 11 per cent. And by 1980 they could form 18 or 19 per cent.'

'Secondly, there are more and more buyers of the larger, better-equipped mini cars - the sort of products that cost more, and which you can hope to sell profitably. Moreover, our own situation

has changed because we are now part of Europe and we can make significant economies of scale. Spreading the fixed costs between our new Spanish plant, Ford of Germany and ourselves - particularly product development costs and tooling design costs - means that we can afford to do something we could not afford simply as Ford of Britain.'

Finally, design and manufacturing methods have advanced considerably in the past 15 years. They allow us to do new things we couldn't have contemplated in the 'fifties. Put all those together and, by 1972, when we made the decision to go ahead with Fiesta, we could see clearly that we'd be able to produce an attractive motor car at a price that people would like and one which would give us an acceptable return. So we went ahead - and kept going ahead even when we were hit by the Yom Kippur war and the oil crisis.'

Confidence, in both the Fiesta and the new Cortina, were crucial to the maintenance of the development and equipment expenditure during those dark days when the car market seemed to be drying up and the prospects for any kind of return on capital seemed dim. Beckett and his colleagues showed then a tenacity which now seems likely to be amply rewarded by Ford's success during the rest of this decade.



Three major landmarks in Ford of Britain's fortunes. Top: 1932 Model Y; Centre: 1962 Cortina; bottom: the Fiesta

Before, during and after the fact

BY MIKE COLVIN

Ford's secret: keep on asking the customer

AS DEVELOPMENT is a complex involving many long-lead time decisions made to a precise time schedule, it is to play a constructive part in these decisions then research must be prepared to fit his programme into the process.

Development of any car, and the associated with it, is essentially cyclical and continuous. As can just as well be said to end with the launch of a new model, the research must shade directly into the more tactical decisions needed for placement due several years later. The new Cortina, for example, really started with the development of the new model in 1970, since tracing its strengths and weaknesses market place provided key design objectives for the car.

Research into the acceptance of new cars is continuous, right across the Ford range, and takes place not only in Britain but in the major continental markets. In the course of a year, 40,000 new car owners are interviewed throughout Europe.

Then, they own about different models produced by different manufacturers. In a typical year, about a million car owners are interviewed about three months after they have bought their new car, and their experiences will be compared with those of 3,000 of competing models.

In the very first, the 1970 was seen as a very attractive

car, sporty-looking with performance to match, and good value for money. Research also confirmed the existence of early teething problems, speedy correction of which became a high company priority.

As time passed, the British market's acceptance of the Cortina changed. On the one hand, its quality reputation improved as problems were eliminated. On the other, the advent of new models, from other British as well as from foreign manufacturers, began to erode its outstanding styling appeal. Similarly, the impact of some highly equipped foreign cars in the early 1970s led to some dissatisfaction with the value being offered by British vehicles and sheet metal outlines are developed over long periods by detailing each tiny feature on a wind-tunnel model.

With the new Cortina, the task was one of improving on the previous model aerodynamically while evolving an aesthetically agreeable shape for several years ahead. Within the constraints set down by manufacturing requirements, the designers set about slimming down the appearance, removing all 'daring' features and, wherever possible, reducing the lift characteristics at speed.

At the front, an integral 'spoiler'

predecessor was Ford of Britain's sister model to the Taunus produced by Ford of Germany. In the late 1960s, it was considered that the car styling tastes of the German and British public diverged. The old Cortina followed the softer lines then preferred by the British public, which appealed to the German market. Results from the latest Cortina clinics, however, showed that there is no longer a need for such divergence - the same model emerged as winner in both Britain and Germany. Differences of equipment and specification apart, the same basic car will now sell across the whole of Europe, offering Ford and its customers alike the benefits of increased economies of scale.

The final pre-launch task of research is to help develop the communication guidelines to be followed in promoting the new car. A car offers at least as complex and many-sided an array of benefits as any other consumer durable. This complexity is nowhere more pronounced than in the Cortina class - the vehicles that constitute the all-purpose work-force of a majority of the British car buying public. A list of all possible benefits would strain the patience of any but the most dedicated advertisement reader.

For the Cortina, a marketing model of car buyer's decision processes was developed and used to prune the Cortina's sales points to



A Cortina public appraisal 'clinic'

those of highest importance to potential buyers. The list that emerged was in line with those which existing experience pointed to: quality and durability, safety (based firmly on functional considerations such as good road-holding, visibility and acceleration as well as on the more passive features of strong construction), economy and comfort emerged as key areas in which the Cortina could well make strong claims. With an established set of communication objectives, it became possible to assess alternative launch advertisements to ensure that they succeeded in conveying to potential buyers these feature strengths.

This brings research on the new Cortina up to date. With the launch of the new car, the cycle recommences. Studies will be undertaken to establish what impressions of the new car the British public have, and what strengths and weaknesses are revealed by their joint experiences. With these studies, research will begin its contribution to development of the Cortina of the 1980s.

Under the bumper, with additional air inlets at a low level, was developed to improve stability when cruising on motorways in crosswinds. At the rear, a sharp turn to the boot-lid edge kept the streamlines in contact longer with the sheet metal, with the same effect. This outline also brought the incidental advantage of bringing the tail into the driver's view when reversing.

Only by carefully balancing these two effects under dynamic wind tunnel tests was the ideal overall shape developed - one in which there is 10 per cent less lift at both ends than on the previous model.

A feeling of security behind the wheel is vital to the driver if he is to control the vehicle efficiently. Ford tests showed this was intimately connected with his view of the road ahead and the position of the steering wheel and control. The new Cortina's bonnet top was lowered and the driving position improved to impart a much greater feeling of being 'in command'.

This primary aspect of safety, combined with stability and responsive handling, is what can make one car so much more enjoyable to drive than another.

The whole policy of making form take second place to function, gives rise to a great many problems for the designer. But Ford's experience - and there is the outstanding record of the Cortina to prove it - is that it can make all the difference in the world between the ordinary as opposed to the excellent.

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Form must follow function

BY GEOFFREY HOWARD

THE introduction of the new Ford has completed a total of 100 European range which in 1970. At that time it was the family identity was of reinforcement, so as each model came up for approval by management, it was judged de the rest of the range.

First model to receive this was the Capri II, launched in the beginning of 1974. It featured glass areas and careful attention to a clean aerodynamic - a feature that was to become hall-mark.

When the Escort was revised a later, many engineering elements were incorporated extensive development to the ride, handling and insulation.

Throughout all work on the design of new models, the Ford house rule has always been that form must follow function. No fundamental changes are made for the sake of appearance alone, and all sheet metal outlines are developed over long periods by detailing each tiny feature on a wind-tunnel model.

With the new Cortina, the task was one of improving on the previous model aerodynamically while evolving an aesthetically agreeable shape for several years ahead. Within the constraints set down by manufacturing requirements, the designers set about slimming down the appearance, removing all 'daring' features and, wherever possible, reducing the lift characteristics at speed.

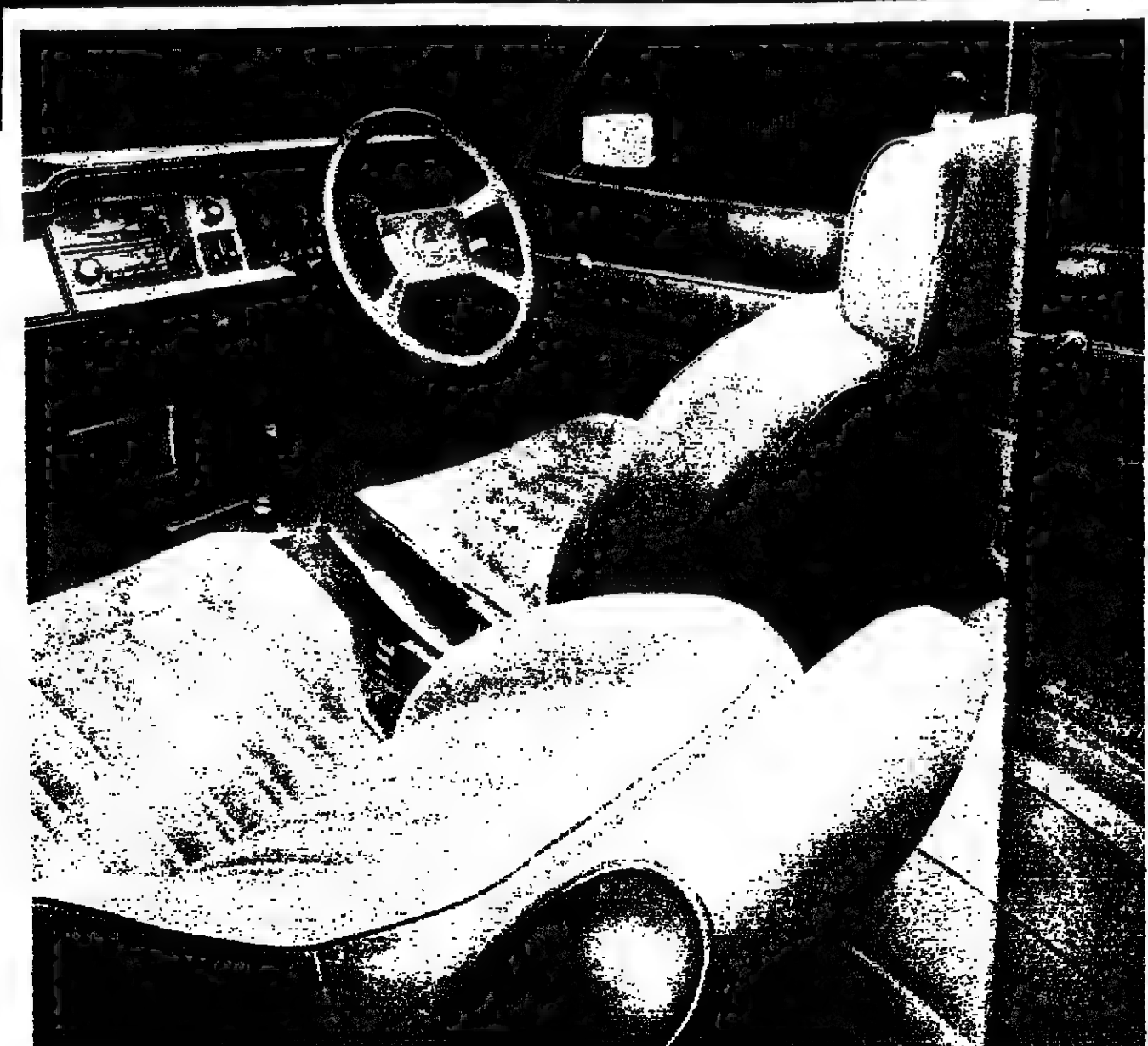
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The New Ford Cortina

A car that's built to last



Cortina GL with optional extra head restraints

When a car is as well engineered as the new Cortina you feel it as soon as you take the wheel.

You feel it in the comfort of the driving position, the way the controls fall to hand as if they were designed around you.

You feel it in the tautness of the steering, the swiftness of the gearchange, the speed with which the car responds.

You feel it in the way the car rides and holds the road. When you've got five people and all their luggage on board, the Variable Rate rear coil springs compensate for the extra weight so the car still handles well.

And you hear it in the quiet at 70 mph. You see it in the bodywork too, and the depth of the paintwork. It gets four coats of tough acrylic paint.

And the new Cortina's engineering also shows when you work out your running costs. You can now have 1600cc as well as 1300cc Economy models. And there are many labour saving features that make the Cortina cheap to service.

Perhaps most of all you'll notice it when you've owned the Cortina for a year or two. Because, since it's built to last, it'll help protect your investment.

But now for the nuts and bolts of the story—the facts, about reliability and safety, the figures for performance and economy. You'll find them all here.



المركبات الجديدة

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How the new Ford Cortina is built to last

LONG RELIABLE LIFE

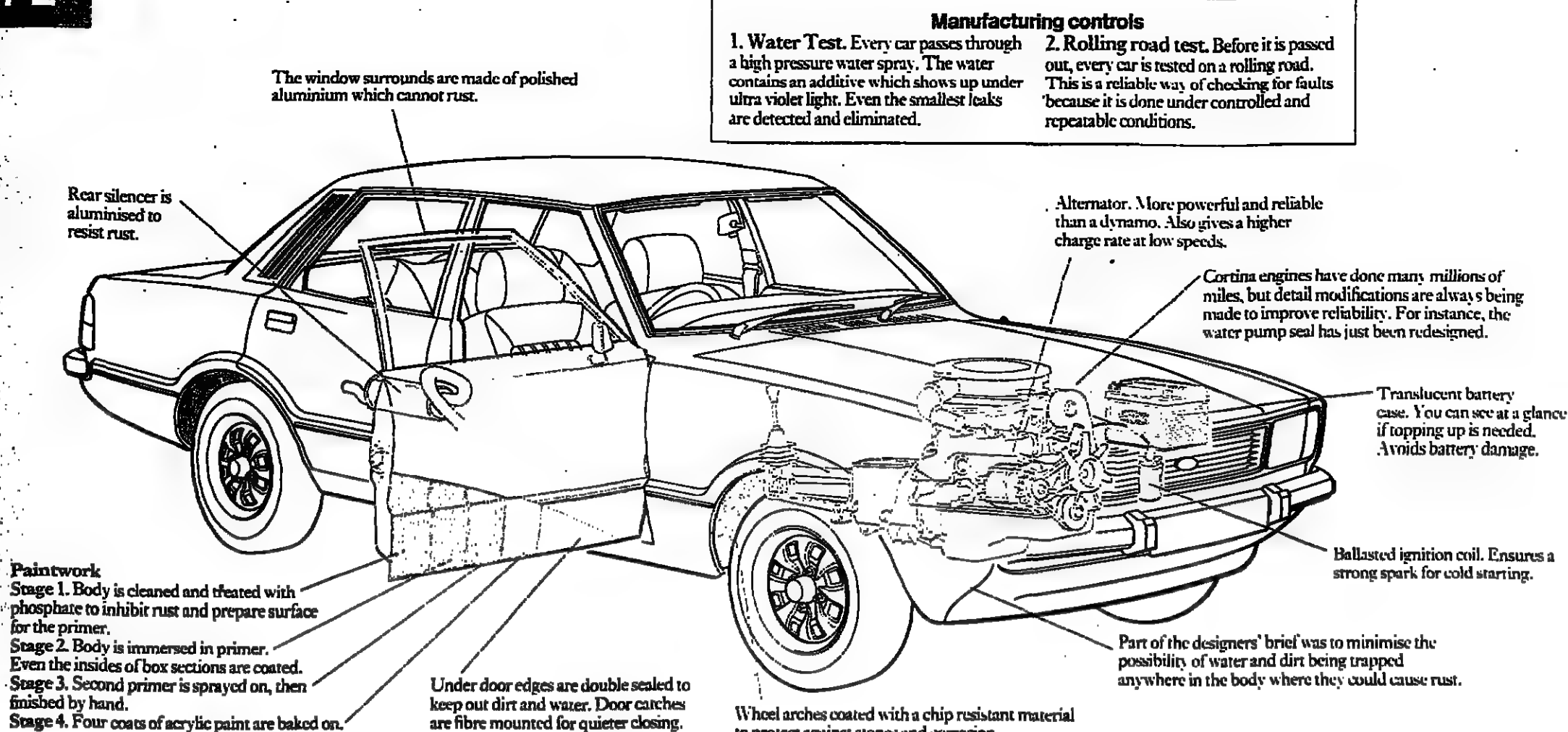
Here, briefly, are some of the features that make the new Cortina a long lasting, reliable car.

Many measures are taken to protect the body against corrosion, enemy number one. Then it's finished with four coats of tough acrylic paint.

Detail improvements were made to the electrical system, which, as the A will tell you, is the part of any car that causes the most breakdowns.

And new standards were set for the actual building of the bodywork, both in design and manufacturing stages.

All this is spelt out in greater detail in the right.



SAFETY AND ROAD HOLDING

There are two sides to safety.

Accident prevention, which is known as active safety.

And accident protection, which is known as passive safety.

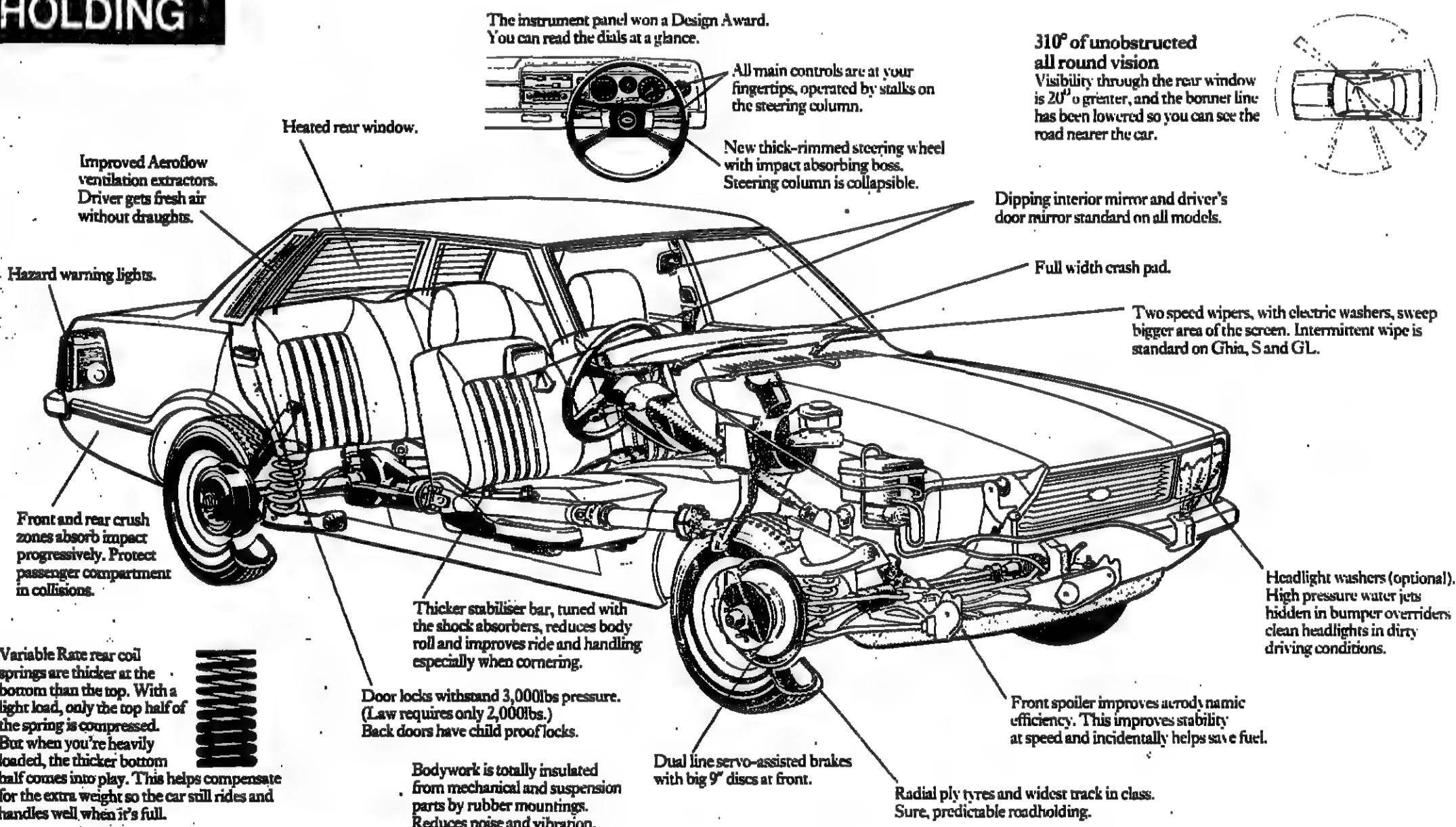
The new Cortina has many features that contribute to both.

On the active side, important advances have been made with the suspension which results in exceptional roadholding and stability, specially under braking.

The driving position and all round vision have been improved and the noise level subdued, which helps reduce stress on the driver.

And on the passive side, there are numerous features to protect you in case you're unlucky - front and rear crush zones, collapsible steering column and burst-proof door locks to name but three.

If you need more convincing look at the diagram.



PERFORMANCE AND RUNNING COSTS

A key engineering objective was to achieve the best possible performance with the lowest possible running costs.

The figures on the right tell the story, but remember, fuel consumption figures are only one aspect of running costs.

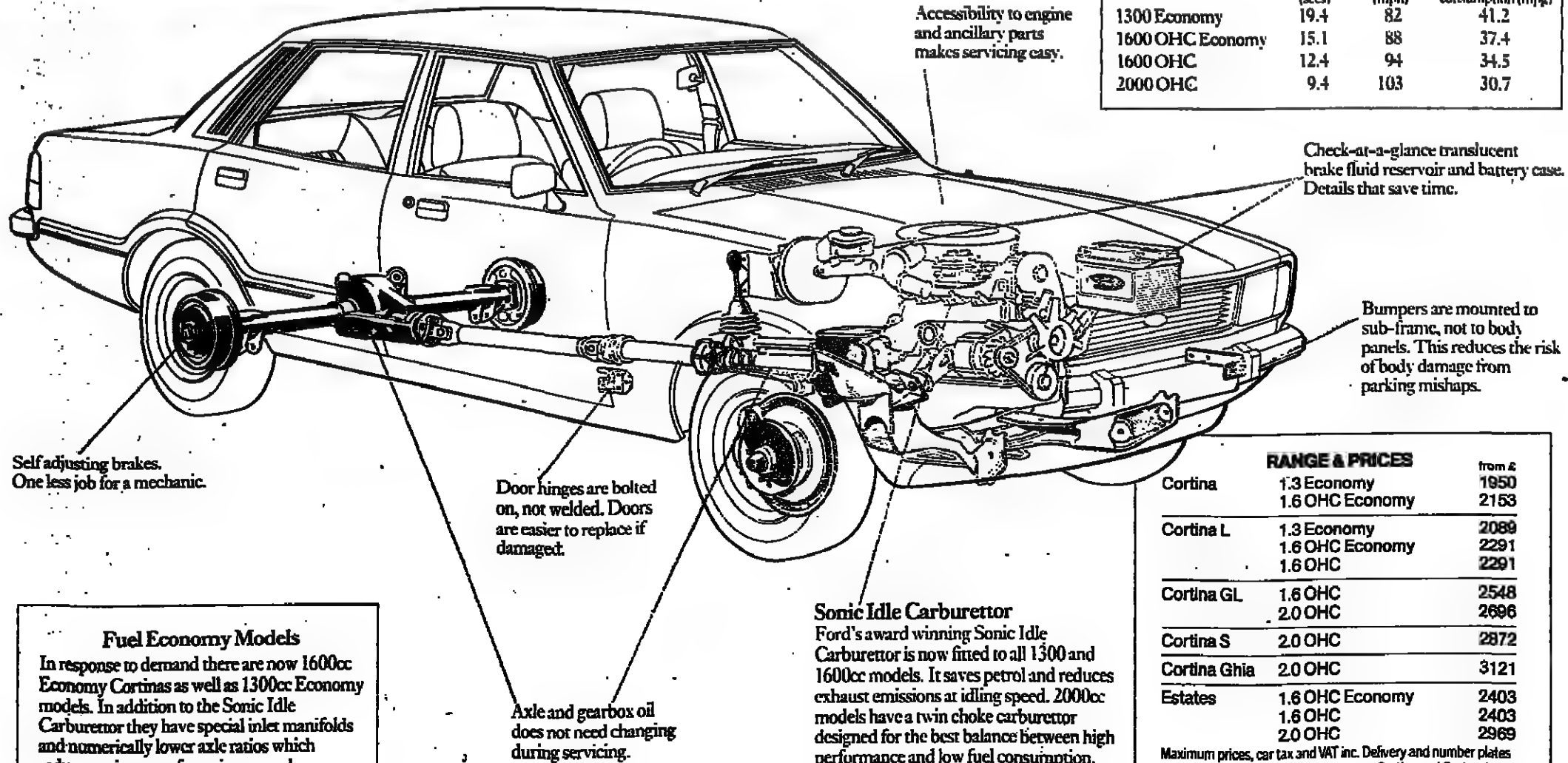
The Cortina has been specially designed to give easy accessibility for servicing, to ensure low maintenance costs.

There are features like easily replaceable doors and special separate bumper mountings that make accident damage cheaper to repair, a fact that insurance companies take into account.

Service intervals are 6,000 miles and you get a 12-month unlimited mileage warranty covering parts and labour.

And it's worth remembering that you're backed by a national network of Ford Dealers, so you're never far from expert help if you need it. Ford parts are plentiful and realistically priced.

As you can see there's a wide choice of new Cortinas. Why not look in at your Ford Dealer's and see one today?



Performance and Economy*			
Engine	0-60 mph (secs)	Max speed (mph)	Touring Fuel consumption (mpg)
1300 Economy	19.4	82	41.2
1600 OHC Economy	15.1	88	37.4
1600 OHC	12.4	94	34.5
2000 OHC	9.4	103	30.7

Fuel Economy Models	
In response to demand there are now 1600cc Economy Cortinas as well as 1300cc Economy models. In addition to the Sonic Idle Carburettor they have special inlet manifolds and numerically lower axle ratios which reduce engine revs. for a given speed.	
Touring Fuel Consumption:	
1300cc Economy	41.2 mpg
1600cc Economy	37.4 mpg

RANGE & PRICES			from £
Cortina	1.3 Economy		1950
	1.6 OHC Economy		2153
Cortina L	1.3 Economy		2089
	1.6 OHC Economy		2291
	1.6 OHC		2291
Cortina GL	1.6 OHC		2548
	2.0 OHC		2696
Cortina S	2.0 OHC		2872
Cortina Ghia	2.0 OHC		3121
Estates	1.6 OHC Economy		2403
	1.6 OHC		2403
	2.0 OHC		2689

Maximum prices, car tax and VAT inc. Delivery and number plates at extra cost. Seat belts at extra cost on Cortina and Cortina L.

FORD CORTINA



Ford have the knack of producing the right car at the right time

*All performance and touring fuel economy figures quoted are Ford Computed figures for manual transmission cars. All features mentioned are standard except where stated otherwise.

Behind every Ford

Reliability is No Accident

RELIABILITY is something which directly reflects the amount of engineering effort put into the development of components, systems and complete vehicles. It is primarily a case of establishing test procedures which are realistic not only in their severity but in the way they operate as well. It is the latter, which can vary so much in actual service, that presents the greatest problems.

The design of a new car involves the combination of many aspects including legal requirements, marketing demands, engineering capability and manufacturing feasibility. Compared with the conditions of use, these factors are well defined. To monitor the service performance of components and vehicles in the hands of actual customers and provide an engineering feedback of data to assist the design process, Ford not only collect information from all warranty claims but scrutinise in detail all components on a sample of vehicles throughout their life.

Data Bank

In Europe at the moment some 2,000 cars are being monitored in this way. The countries chosen cover the big volume markets like the UK and Germany and the extreme climate territories such as Portugal and Finland. Norway, Sweden and Italy are also included. The full model range is represented by the most popular version sold and all cars are serviced by Ford main dealers. Data is extracted from the normal dealers' invoice records during periodic visits by trained reliability engineers. The data is fed back to a central reliability bank where it is stored on a computer file.

Details are coded in terms of the vehicle description, country of operation, dealership, model, date of manufacture and sale and the full vehicle specification including number of doors, axle ratio, trim level and any other mechanical options available. To this basic identification is added service history

giving details of the date and mileage for each repair or adjustment and routine preventive maintenance.

Once all this material has been fed into the computer bank, any selective information can be related by an appropriate programme. For example, if information is required on brake pad life, a sorting programme will produce all data concerning brake pad replacement, thus enabling average life to be calculated as well as any other characteristics that may be required. A further investigation can then be carried out to analyse any other aspect of brake performance.

For the component engineer at the Ford Research and Engineering Centre, this data bank is an invaluable aid to future design, containing as it does service information under actual operating conditions.

Monitoring failures and surveying reliability in service give only part of the picture necessary to establish realistic durability limits



In the new Ford Environmental Wind Tunnel cars are tested under power at wind speeds up to 112 mph. Humidity and the sun's radiation can be simulated for testing heating and ventilation systems.

for components subjected to rig testing. Determining the frequency of operation of items such as brakes, clutch, door locks, wiper motors, bonnet release, headlamps and the like is important to avoid service problems and the inefficiencies of over-engineering.

To collect data on use efficiency, sample cars in the UK, Germany

and Scandinavia have been fitted with a collection of clocks and recorders in a "black box" installed in the boot. Powered by the car's 12-volt electrical system, the instruments time and count a range of normal component functions. All recorders plus the vehicle mileage are logged on special data sheets at monthly intervals over a year of typical usage. The results are used to set targets for accelerated durability tests in the laboratory or on the test track.

By adjusting the severity of the test cycle or load input, representative accelerated-time programmes can be devised which by means of a severity ratio can be converted from test cycle into realistic road mileages. In this way the new rear springs used on the new Cortina were subjected to the equivalent of at least 50,000 miles in only four days on a test rig.

With the increasingly stringent levels imposed by governments around the world on items like exhaust emissions, and the need to produce cars and light vans for territories with all manner of differing atmospheric conditions, Ford has recently completed the installation of some unique environmental facilities.

Without moving from the twin engineering centres in Britain and Germany, tests can be performed at temperatures between -40 deg C and +50 deg C (122 deg F), atmospheric pressures equivalent to altitudes up to 7,500 ft, humidity levels between 5 and 95 per cent

and wind speeds up to 112 mph with simulated direct hot sun radiation if required.

Test Cell

At Dunton, Essex, where the Ford Research and Engineering Centre is based, an Atmospheric Test Cell is now fully operational. This is a sealed chamber containing a rolling road dynamometer and a highly sophisticated computer-controlled exhaust gas analyser which gives a continuous read-out in addition to total emission sampling at the end of each test. Ambient temperature, humidity and atmospheric pressure are controlled to eliminate variations in the gases being produced. With so many countries now setting their own emission levels, this chamber is an invaluable tool in the development of new power units and models for world markets.

Just completed at the sister establishment in Cologne is a new Environmental Wind Tunnel. This too has a rolling-road dynamometer, but set in a chamber where wind speeds of up to 112 mph can be generated by circulating air through a 16ft diameter fan. Ambient temperatures can be controlled between -40 and +40 deg C and humidity between 5 and 95 per cent. In addition infra-red heaters can simulate direct sun radiation up to an intensity of 1.1 kW per sq. m from above or one side.

The first new model to benefit from all these facilities is the new Cortina announced today.

Proved in action, raced and rallied to victory

IT IS a rare event these days when a Ford does not take the honours on the finish line, be it a Hot Rod race round a stadium or a major International Rally. Even Formula One Grand Prix racing is dominated by Ford-powered machines.

Ford of Britain's involvement in motor sport dates back to the early 1950s when some keen private entrants began to do extraordinary things with the old upright Popular and the six-cylinder Zephyr. From these beginnings the works competition department was born and with the potential of the Mk 1 Cortina-Lotus to work-on in 1963, successes came fast and thick.

But as every competition entrant finds to his cost sooner or later, in order to win an event he must first finish the course and in those early days about reliability lessons learnt about reliability. When you consider a young engineer called Keith Duckworth boosted the 997 cc Ford Anglia's pushrod engine to give an amazing 120 bhp at 10,000 rpm with total reliability, as long ago as 1963, it comes as no

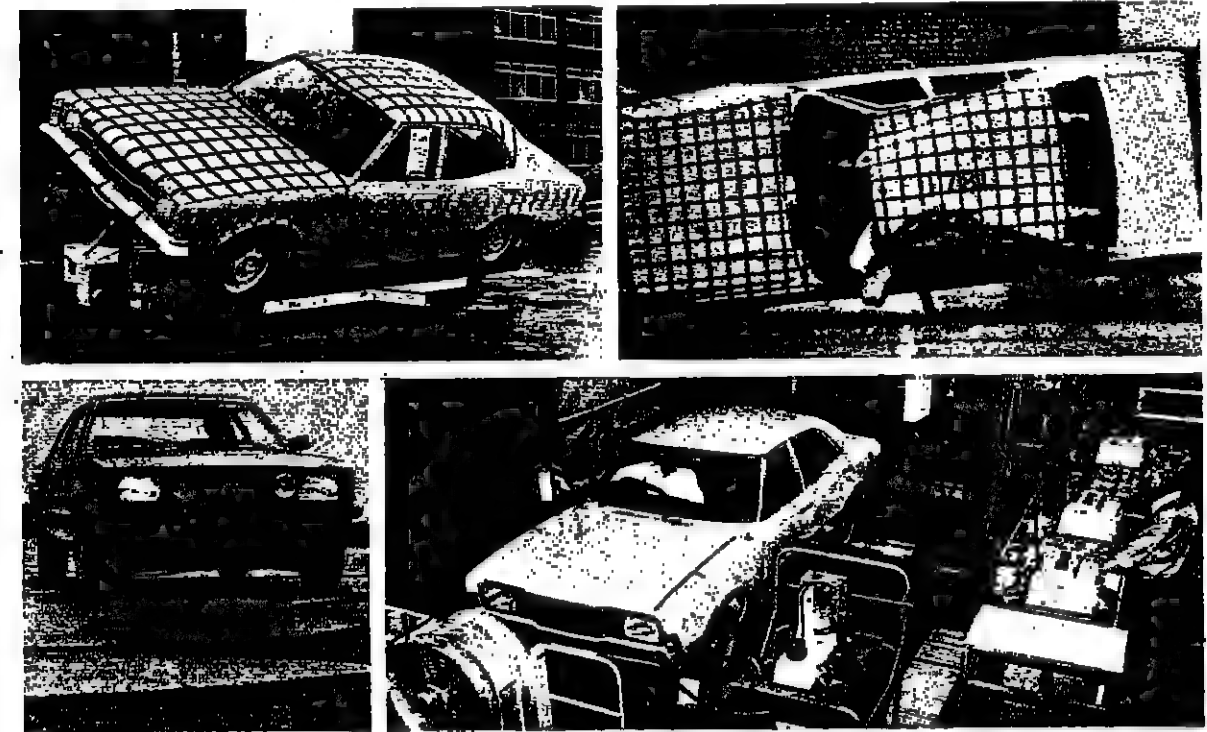
surprise to learn he later designed and built the 3-litre Cosworth Ford DFV engine, which has scored more than 100 Formula 1 victories and is still winning.

The regular success of the way Ford rally cars comes only as the considerable experience and efforts of the competition engineers, mechanics and test drivers have been thoroughly installed every car and component. And links go back to the design of the standard components from which the competition parts are derived.

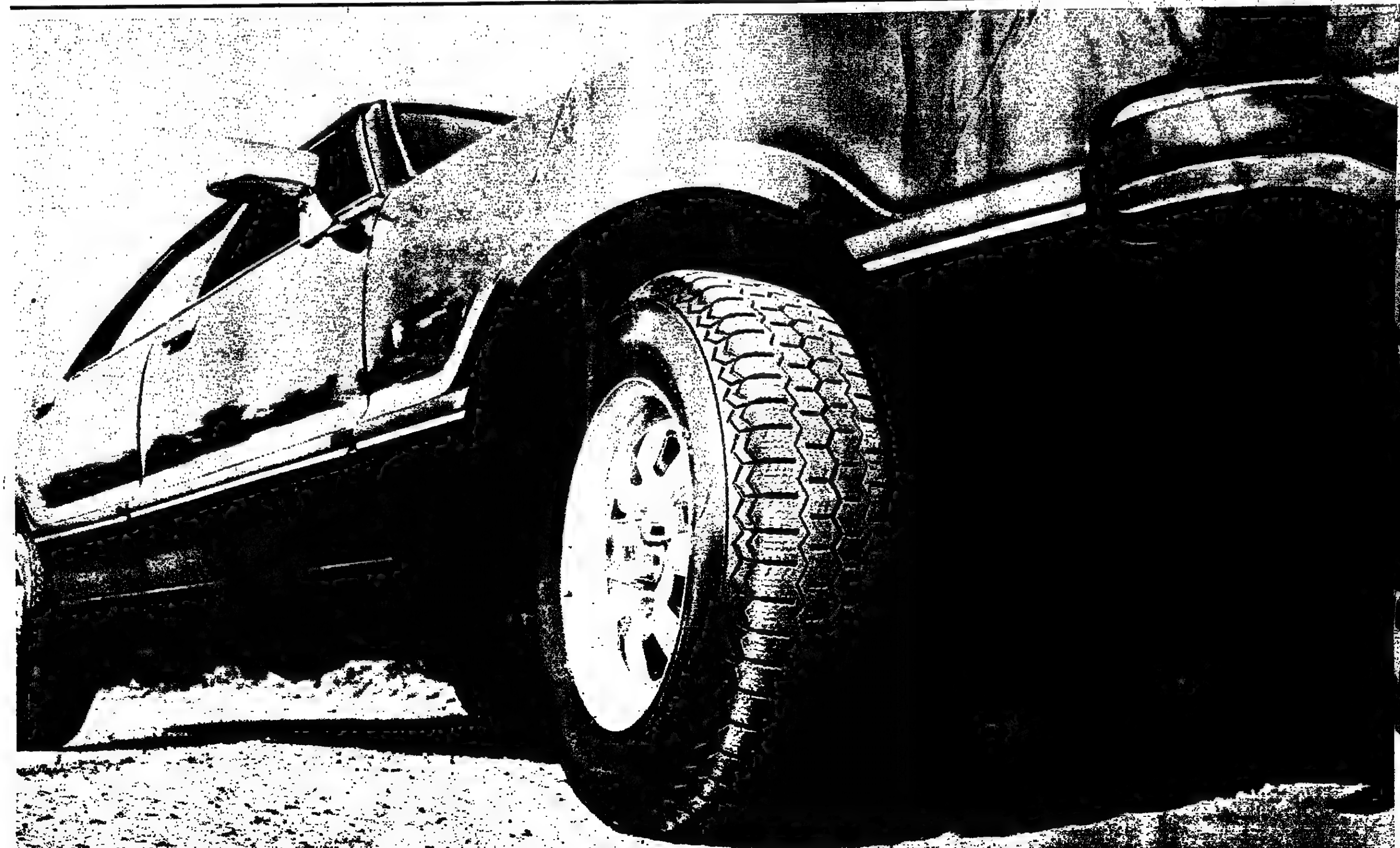
In 1970 some specially-prepared Escorts, based essentially on standard production cars, set off on a marathon rally from London to Mexico. Their success (first, fifth, sixth and eighth) led to the formation of the Ford Advanced Vehicle Operations which have produced several thousand replica production cars. Today the exciting new Rallye Sport Escorts, similarly based on standard production models with a competitive pedigree built in.



Finishing events like International rallies are a source of useful engineering data on the durability of components.



Research work into crash protection, emission control, durability and passenger comfort is just part of the background to a new model's development.



For the car that's built to last: the Tyre

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Van market suffers a decline

HAPS AMONG the most recent newcomers to the van and pick-up truck set unveiled at last month's motor show, Honda's TN 360 panel van and pickup truck and the Corolla 9 cwt van. Honda is in the "mini" of the commercial vehicle set, with an overhead cam engine of a mere 354cc largely from aluminium claimed to be capable of doing 50 miles per gallon on in-city stop-go duty. Special features of the vehicle, first deliveries of which were actually made at the end of July, include a knee-high rear height and, with the van, a pavement access side door. The engine and gear are in the middle of the under the cargo area, thus raising stability and weight distribution.

Toyota vehicle is more conventional, very similar to the car bearing the same name and long familiar in the U.K. With its 1,160cc engine, again using two-star petrol, it has a carrying capacity of 1,700 lbs and a cargo capacity of 5 cubic feet. The true significance of the new Toyota's latest model lies not so much in the changes themselves (though, in particular, would it plug a gap in the light commercial vehicle market left wide open by other manufacturers) as in the way it demonstrates the Japanese car-makers' determination to be on the goods vehicle in Britain (and elsewhere) in the same way as they do so successfully with the car.

Japan has been a factor in this sector of the motor industry, at least in the U.K. But the success its cars in general are aiming, clearly seen in the inroads made by the only one to have established itself in the U.K., Datsun.

Competition

In August, Datsun outsold every other importer, with 507 new registrations, to give it over 40 per cent of the market for imported vehicles and virtually 7 per cent of the overall market for car-derived vans and pick-ups. In September it was surpassed by only Chrysler and Honda.

This is just the sort of pattern Datsun achieved in the car market, where it is now creating such serious competition for the U.K. producers. And, giving its success even more significance, these light commercial sales figures were achieved on a generally declining market.

For overall, hit by the economic depression like the car market proper, demand for car-derived vans and pick-ups is, as might be expected, not in a particularly healthy state. The first nine months of the year saw 54,832 vehicles of this type sold here against 55,262 in the corresponding period a year before. And within that total, importers' sales actually rose, reaching 7,397 against 5,976 in January-September, 1975, while the home producers saw theirs

fall from 49,276 in the first eight months of last year to 47,435.

The full extent of the decline is apparent when figures for earlier years are examined. In 1973, sales in the van and pick-up market amounted to just over 100,000 vehicles. The ending of purchase tax (which did not apply to vans) and the introduction of value added tax (which does) automatically hit demand from private motorists seeking a vehicle offering most of the comforts of a saloon car, but at a considerably lower price, and by last year sales were down to 72,000.

This year, they may not make that, even though September

itself saw an improvement on a year before and one which many in the industry are hoping may mark the start of a genuine revival in the sector's fortunes — though, the Government's squeeze through high interest rates and on investment by the companies which account for the overwhelming proportion of purchases will obviously be a key factor here.

Overall sales in September

totalled 5,401, a rise of 285 on 12 months before, with UK producers losing sales to a total of 4,267 against 4,658 in September 1975, and the importers pushing theirs up to 1,134 against 458 (with Datsun's

NEW REGISTRATIONS OF CAR DERIVED VANS AND PICKUPS

Manufacturer	September 1976	September 1975	Jan-Sept. 1976	Jan-Sept. 1975
BRITISH				
Bedford	983	1,028	9,750	11,243
British Leyland	1,918	2,349	22,003	25,168
Chrysler	—	—	—	—
Dennis	—	—	—	—
ERF	—	—	—	—
Foden	—	—	—	—
Ford	1,384	1,280	15,678	12,851
Seddon Atkinson	—	—	—	—
Volvo	—	—	—	—
Others	2	1	4	14
Total British	4,267	4,658	47,435	49,276
IMPORTED				
DAF (Holland)	—	—	1	23
Chrysler (France)	344	330	2,733	4,237
Citroen (France)	6	5	50	134
Honda (Japan)	380	—	457	—
Peugeot (France)	—	—	—	—
Renault (France)	93	80	1,119	1,088
MAN (FDR)	—	—	—	—
Magirus-Deutz (FDR)	—	—	—	—
Mercedes-Benz (FDR)	—	—	—	—
Volkswagen (FDR)	—	—	—	—
Fiat (Italy)	—	—	—	—
Datsun (Japan)	273	—	2,631	3
Mazda (Japan)	—	—	—	—
Toyota (Japan)	12	—	20	—
Moskvich (USSR)	46	43	342	435
Scania (Sweden)	—	—	—	—
Volvo (Sweden)	—	—	—	—
Others	—	—	4	16
Total Imported	1,134	458	7,397	5,976
GRAND TOTAL	5,401	5,116	54,832	55,252

273 and Honda's 360 compared with none respectively a year earlier making a big impact).

Within those overall totals is a wide variation in performance by the individual U.K. producers. The biggest sufferer in the first nine months of the year was British Leyland, bedevilled by the same production problems which have so whittled away its share of the car market. Its Mini and Marina-based vans may have dominated the van market, with more than 40 per cent of all car-derived vehicle sales, but it had only 22,003 new vehicles registered against 25,168 in the corresponding period a year earlier.

Bedford, Vauxhall's sister marque, also saw a decline, with 9,750 new registrations compared with 11,243 in January-September last year, while Ford Motor, the remaining U.K. producer in this sector, by contrast, secured a significant upturn. Sales of its car-derived vehicles totalled 15,678 in the first eight months against 12,851 in the corresponding period of 1975.

Sales

In September only Ford, of the big three British manufacturers, managed to boost sales, although British Leyland retained market leadership. A total of 1,384 new Ford car-derived vans and pick-ups was sold, 124 more than 12 months previously. British Leyland sold 431 fewer than a year before to reach a total of 1,918, while Bedford saw its sales slide to 983 compared with 1,028 in September 1975.

It is significant and worrying for the British industry that it managed to achieve these disappointing figures when only one Japanese manufacturer, Datsun, was really established in the industry. Honda had only entered the UK market the previous month (for though the TN360 is a panel van—that is, a new design in its own right rather than a vehicle sharing its

vehicles rather than introducing



The Dodge 1100 pick-up.

U.K. TRADE IN LIGHT GOODS VEHICLES* (£m.)

	1976	1975	% change	1976	1975	% change
Exports (fob)	13.5	9.0	+50	103.5	74.0	+40
Imports (cif)	1.8	1.2	+50	15.4	9.9	+55

* Up to 3 tons gross vehicle weight.
Source: SMMT

The Commercial Vehicle Show represented the throwing-down of the gauntlet by those two companies as they came alongside Datsun to stake their claim to a big share of the British market, just as they have successfully done elsewhere (and, in Toyota's case, along with fellow Japanese producer Mazda, have done in the remainder of the U.K. light commercial market for vehicles of under 3½ tons).

In Japan, commercial vehicle production is a big business, with most output concentrated at the lighter end of the market because of the Japanese road system. In the U.S., where demand is very high, the Japanese dominate the pick-up sector in which the European industry had traditionally been a strong force. There is no doubt that the Japanese challenge in Britain will be one very much to be reckoned with, as in Datsun's case it already is.

Against it, the British producers appear to be going through a period of rationalisation of model ranges and improvements to existing proven vehicles rather than introducing

Change

From Chrysler immediately before the Show came news of a name change for its commercial vehicles, which are henceforth (with one minor and relatively unimportant exception) to be sold under the well-established Dodge name, marking an end to the Commer and Karrier marques. This

newcomers into the arena. At more than half an eye on overseas markets, extends right down to the imported French-made car-derived van. Hi-Top van and pick-up, all with a 1-ton payload, based on the Simca 1100 saloon.

From neither Leyland nor Ford have there come any changes of significance. In Leyland's case in particular, much as far as the battle against Honda's TN360 is concerned, will obviously depend on the Mini replacement, about which there has been so much recent controversy, and its van equivalent, assuming that there is one, as there almost certainly will be. But that is several years away.

Meanwhile, British successes overseas notwithstanding, the Japanese are obviously here to stay. And it is on their sales record that many anxious eyes will be focused in the months and years ahead.

Terry Dodsworth

Nothing is too big.....or too small for Smiths Industries.



Whether it's a 50 tonner or a saloon car, you can expect Smiths Industries to have been significantly involved.

Continuous technological development in vehicle instrumentation has resulted in a wide range of precision instrumentation systems. These are suitable to the varying environments of rugged construction equipment through commercial vehicles to the sophistication and

luxury of cars like the new Rover 3500.

Smiths Industries supply heating, de-misting and ventilation equipment for a vast range of cars and commercial vehicles.

They are involved in design and manufacture of the very latest Air Conditioning equipment and Air moving devices, for engine cooling, as well as marketing Webasto oil burning air and water heaters.

Tudor Accessories Ltd. — A subsidiary of Smiths Industries is responsible for designing, developing and supplying as original equipment, manual and electric windscreen washing units to car and commercial vehicles.

Smiths Industries also provide a wide and comprehensive range of motoring accessories, amongst these is Bluecol. Bluecol is Britain's biggest selling anti-freeze and endorsed by

leading motor manufacturers such as British Leyland.

Together the Vehicle Equipment businesses of Smiths Industries are playing a major role in providing vital equipment to the majority of commercial vehicle and car manufacturers in Europe today, whilst researching into tomorrow's problems. Nothing is too big or too small for Smiths Industries.

VEHICLE EQUIPMENT BY SMITHS INDUSTRIES



Cricklewood, London NW2 7JB.

a Michell
careers

Safety and economy in new technology

Not so long ago, few car makers could have embarked on a campaign to sell safety. "It isn't sell cars," they used to say. Now it has not only become a respectable but a bull point to add to the built-in protection features of the body protecting driver and passengers. The switch in emphasis is tending to overshadow the progress that has been, and is being, made in three other equally crucial safety areas—brakes, brakes and road surfaces. Tyre design and construction is gone through quite rapid and fundamental changes—brought about by the increasing concern with economy in circumstances of rising motoring costs. The trend to the radial tyre, which gives higher mileage in cross-ply tyres, is a case point.

Radial

Although it is nearly 30 years since Michelin pioneered the radial tyre in a bid to overcome the wear on front-wheel-drive Citroens, using steel as a belt material, the spread of steel-braced radials took a long time to gather momentum. It is only comparatively recently that every British manufacturer has offered steel-braced radials. Part of the reason for this somewhat tardy recognition of their virtues seems to lie in safety factors. Fabric braced tyres can be used on to give audible warning of the impending skid of a wheel, and it is argued that even if the warning was only of milliseconds duration it was worth having. Moreover, it is apt to attract unwelcome attention if the tyres screaming. Nor is there, in the early days, more than a skeleton of motorways, and trying to make haste in winding trunk roads could be a disaster, possibly avoided by a warning protest from the rear.

But with the extension of motorways and mileages going up, to say nothing of motoring costs, economy became of far greater significance. Furthermore, steel-braced tyres provide more cornering power, and that has become a bigger factor with engine power increases. Nevertheless, there are tyre technologists who would argue that the move to steel-braced radials is such a general scale is a retrograde step from the safety properties of tyres with similar limit of view. Others argue that a motorway system is now so widely spread and used that safety features thought to be important are no longer as vital. At any rate the trend towards use of radials in the motor market is continuing (see table).

Even though the demands for economy may have claimed

TYRE PRODUCTION			
	Cross Ply		Radial
Original equipment	567,047	1975	5.4m.
	986,552	1974	6.3m.
Home replacement	4.7m.	1975	9.2m.
	5.3m.	1974	7.5m.
Total output	9.9m.	1975	16.3m.
	7.3m.	1974	16.5m.

more attention recently in the general tyre area, safety is a continuing feature of development and nowhere recently has this been demonstrated to greater benefit than in the "puncture-proof" tyre. What Dunlop called the total mobility concept as applied to the revolutionary Denovo tyre, which led the field in this development has been followed by all other U.K. tyre makers and major wheel producers.

If a nail pierces a Denovo a volatile liquid is released from containers attached to the wheel. When this combines with a gel coated on the inside of the tyre during manufacture a seal is produced. As the driver continues on his way the tyre warms up, producing a vapour that helps to seal the tyre.

In the heady days following the launch, Dunlop foresaw two markets—original equipment and the replacement market. Because of the costs no one can now foresee a time when it will be acceptably competitive in price, though of course this kind of tyre will always appeal to the safety-conscious. The market is therefore being penetrated by offering Denovos as factory-fitted options, and so far this applies to the new Rover 3500, Leyland Princess, Mini 1275 GT, and two Fiats, the 126 and 127.

Option take-ups are currently running at more than 12 per cent, and the progress being made is indicated by some 25,000 cars being fitted with Denovos. Initial problems on the service side have been ironed out, and with Dunlop's link with Pirelli and the interest of Fiat the scene is obviously being set for a potential major expansion in sales when circumstances are more conducive to success.

Equipment

Disappointment in the original equipment market is something that other manufacturers of tyres with similar limit of view. Others argue that a motorway system is now so widely spread and used that safety features thought to be important are no longer as vital. At any rate the trend towards use of radials in the motor market is continuing (see table).

Even though the demands for economy may have claimed

should have plenty of nobbly surfaces if it is to cope adequately with emergency or heavy braking, although in dry conditions the best match is a smooth tyre with smooth concrete. Road surfaces also help determine how much noise is generated and concrete, being somewhat of an offender in this respect, is not so widely used these days. A surprising amount of noise is generated through tyres, particularly on heavy vehicles, and it is clear that a lot of work remains to be done to harmonise the objectives of road builders, tyre makers and suspension specialists who tune them for minimum noise contribution into the passenger compartment.

Most motorists are aware of the change in noise frequencies and volumes when travelling over different surfaces, and this may be particularly so when braking at a dangerous junction or roundabout. The current practice is to put down a surface material that will break down into splinters (as opposed to polishing, which other materials do to provide an efficient braking surface

rather like sandpaper. But a noticeable increase in road noise is likely to occur, and for this reason alone road authorities have to be keenly aware for environmental considerations of the type of chipings they are rolling into the surface.

Dunlop is one of the very few independents that has developed a proprietary technology for creating a surface which is competitive in price with hot rolled asphalt. Called Delugrip, it is claimed to have enhanced properties in the wet and as regards noise, and those who go over the Hammersmith flyover will have been experiencing it for the past 18 months. It is now on some 19 other sites in London and throughout the country. It is hoped to give the technology an export potential by laying experimental surfaces on the Continent. Delugrip is also claimed to diminish drive—that is, a tyre will roll further on it than on more conventional surfaces, and so help petrol economy.

Braking systems are also going through a period of development to increase safety.

It is generally acknowledged that British makers of friction materials have the edge on most rivals and brake manufacturers held a clear lead with the invention of the disc brake. Only two or three lightweight cars like the Mini and Reliant Kitten do not now have disc front brakes, and almost all car makers have introduced tandem, or dual (even triple) systems for safety reasons to provide emergency braking on at least one front wheel and one back in the event of a brake fluid pipe disintegrating. Such braking systems are with only a few exceptions provided with a servo "booster" to decrease pedal pressures needed to stop quickly.

The U.K. car industry is also moving towards single-sided disc brakes which have only one piston operating both pads instead of two opposed pistons. The single system is less prone to fade and boiling, and facilitates the fitting of a safety back-up system. Although it was fitted to the Ford Mark 3 Zephyr about a decade ago, it is only now beginning to go into sizeable production figures.

Alongside these safety developments is a sensing device that operates mechanism for relaxing the brakes at the point where they are about to lock the wheels. Since this is the kind of device that could prevent articulated lorries from jack-knifing and cars from uncontrolled skidding, it is to be expected that its use will grow steadily—perhaps just ahead of legislation.

Peter Cartwright



Checking the finish of new tappets at Brico Engineering in Coventry.

Announcing The New Chrysler Avenger.

In 20 major ways, the Avenger you've been waiting for.



Components

CONTINUED FROM PREVIOUS PAGE

"International" assembly in the face of warnings like it seems probable that component suppliers will wish to pursue objectives with rather greater flexibility. Of course, there are big prizes to be won in original equipment contracts. If the real money comes from the after market, which entails completely different operation, assumes even more importance at times when private motorists are trying to make their cars last longer. The extent to which a component supplier can cash in on a potential depends increasingly on how sophisticated an operation he can mount. Inflation in the U.K., differing rates in different markets, and sudden fluctuations in the value of the £ have completely transformed export operations. One day the days when an export price could be universally quoted—or if it can be nowadays is liable to be found pitching itself above the competition or peddling below.

It is nonsense these days to talk of an "export price" for all markets, and how tired I am of being told that devaluation helps exports. It may have one, but no longer, a disillusioned export director complained. "Inflation is almost completely negating any advantage devaluation brings." U.K. prices of the kinds of steel he needs have increased by 40 per cent, "and take some absorbing." The company is trying to argue a market related pricing structure, a highly sophisticated exercise which will take time to develop, and which is unlikely to be ready for full implementation until next year.

Another component supplier explained: "A year ago export prices were competitive, but

with inflation they began to lose their edge and have only just regained it with the most recent bout of devaluation. For how long we can remain competitive is anyone's guess—and guessing is something we try to eliminate."

It is small comfort that rival component suppliers face equally difficult and challenging problems, for it is obvious that unless U.K. inflation can be brought down nothing else that can be done will be as effective. The scenario, as read by one company, is that Community prices in dollar terms may be expected to rise by about 17 per cent over the next year but this has of course to be translated in terms of what the £ may be worth in dollars.

A further 10 per cent devaluation is being built into calculations. Further considerable steel price increases from the British Steel Corporation are not looked for, but other raw material costs, like copper and aluminium are being scheduled to rise by up to 30 per cent, with a total net effect of an extra 7 per cent, or so on finished product prices. Other figures being put into the computation are a 7 per cent increase in wages (no one believes they can be held down to 4.5 per cent) and a 12-13 per cent continuing inflation rate.

The sums are complicated but necessary. They spell out just how hard it is going to be to expand business over the next year despite a number of factors in Britain's favour. The underlying strength of the U.K. component supply industry in overseas markets will help protect it from the worst effects of the stormy weather ahead.

Peter Cartwright

Since their introduction in 1970, nearly 400,000 Avengers have been sold, making them one of the most popular cars on British roads, both for private and business use.

During that time, many improvements have been made to the range, each year making Avengers that much better. For 1977, more improvements have been made than ever before, some fairly small, others very dramatic: all of them adding up to the best Avenger yet.

Changes to the outside. The first changes you'll notice are in the looks. Both front and rear (saloon only) have been extensively redesigned, for a much cleaner, handsome appearance and to fit in with Chrysler's new European styling.

The front flashers/hazard warning lights are in wrap-round style for better safety and are standard on all new Avengers. On the GLS, the headlights have been changed to quartz halogen.

The rear lamp clusters are also wrap round for safety reasons (saloon only) and incorporate several improvements for increased efficiency.

Still on exterior: front and rear bumpers have been redesigned, and the petrol filler cap has been moved from the rear to the side.

Even more on the inside. However, although the outside changes are the first ones you'll see, it's the long list of interior ones that'll really impress you. The redesigned fascia, for instance. There's a new padded steering wheel; the result of considerable research. It provides more driver comfort, easier control and operation and the fullest view of the new instrument panel

which, incidentally, has a new curved lens to avoid reflection.

The fascia is also heavily padded all round for increased safety. Other major changes in this area are new steering column mounted switches (including electrically operated 4-lit screen wash and 2-speed wipers with flick wiper operation), illuminated heater controls and panel switches, and a comprehensive set of warning lights above the instruments.

Improved Fuel Economy and braking system. The changes we've mentioned so far are those you can see. But equally important (some would say even more so) are those you won't see immediately but you'll certainly be aware of when you drive the new Avengers.

Fuel economy. Extensive development work with the accent on fuel consumption has led to quite significant improvements, especially in town and short distance driving (it's these short distances that account for by far the largest part of your fuel). Some of the new overall figures are: up to 39 mpg for the 1600cc engines (manual), up to 40 mpg for the 1300cc engines (manual), and up to 38 mpg even from the big 1600 Estates.

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for better ride and comfort.

In the DL and Super 2-door models, a new locking device on the front seats gives easier access to the rear. On all new Avengers the driver has a facility for extra leg room if needed. In the Super and GLS there are new seat trim patterns and materials, and new trims in the DL.

Other changes you'll find include a very roomy front parcel tray, interior bonnet release now on all models, new ashtrays and several important new safety features.

All round, inside the new Avengers is definitely a new experience.

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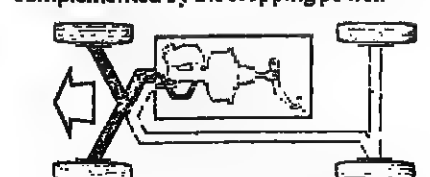
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Those figures will take some beating by cars in Avengers' class, so if fuel economy is high on your list of priorities, Avenger should be high on your list of cars.

Braking. Major improvements have been made to Avenger's braking system. Dual circuit brakes and servo assistance on all models as standard equipment. So the ample driving power is perfectly complemented by the stopping power.



What else should I know about the new Avengers?

For a start, there's a beautiful full colour brochure giving full details of the Avenger range waiting for you at your Chrysler Dealer.

Secondly, Avengers are, of course, covered by Chrysler's unique double protection, The Protector, with 12 months unlimited mileage and free replacement of certain major parts should they wear out during the warranty period.

And finally, as well as a brochure, your Chrysler Dealer will give you a test drive in the Avenger of your choice.

We've told you as much as possible, but when you drive one, only then will you know. It's the Avenger you've been waiting for.

Chrysler

Taking better care of you and your car.

*Manufacturer's figure based on an average speed of 30 mph over a course of 20 miles of town and country driving conditions. †The 1300 cc engine is not available for export. ‡The 1600 cc engine is not available for export. ††The 1300 cc engine is not available for export. ‡‡The 1600 cc engine is not available for export. †††The 1300 cc engine is not available for export. ‡‡‡The 1600 cc engine is not available for export.

THE NEW CHRYSLER
Avenger



THE MOTOR INDUSTRY VIII

Japanese challenge maintained

THE MOST significant phenomenon in the history of the world's motor industry since the war has been the growth of the Japanese vehicle manufacturers. The two largest Japanese motor companies, Toyota and Nissan (the manufacturer of Datsun cars), have forced themselves into the top league of world producers, and from an insignificant beginning in export markets only 20 years ago, the Japanese now dominate the world-wide exporting tables. With the emergence of this new force in the industry, the world's primary motor manufacturing base to-day is split between Japan, the U.S. and Europe.

This state of affairs is now being challenged by two new forces. The first of these is the development of new national industries, backed either by State capital or patronage in countries where the motor industry is seen either as a primary force in economic development, or as a useful earner of foreign exchange.

The Comecon countries are a good example of this trend. In recent years they have moved more and more of their resources into the development of the motor industry in a deliberate shift of emphasis towards consumer industries and exports. A recent survey of the potential of this part of the globe by the Paris-based research institute, Euro-economics, came up with the conclusion that by 1985 the countries of Eastern Europe, including Russia, could be producing 4m. cars a year. This would put them in a significant position against the productive potential of the U.S. and Europe (about 10m. and 12m. cars a year respectively) and Japan (about 5m.).

A significant proportion of the Eastern European effort is being directed towards exports—though how much is by no means clear at present. Cars are high value items which reap a quick reward in terms of foreign exchange, and during the last five years or so there has been a noticeable quickening of the tempo in the Eastern European manufacturers' efforts overseas. This has been felt particularly in Britain, where Comecon cars now have about 1.5 per cent. of the market, and increasingly so in the rest of Western Europe.

PASSENGER CAR EXPORTS (000 units)						
	1960	1970	1973	1974	1975	Six months June 1976
U.K.	575	723	605	596	532	293
France	492	1,061	1,340	1,298	1,233	794
West Germany	841	1,934	2,204	1,882	1,450	909
Italy	198	632	656	686	661	250
Japan	7	726	1,451	1,727	1,827	1,375
Sweden	49	187	183	163	163	n.a.
U.S. and Canada*	107	76	53	115	138	n.a.
Total of major vehicle producing countries	2,269	5,339	6,492	6,467	6,004	
U.K. share	25%	14%	9%	9%	9%	

n.a. Not available. * Excludes trade between U.S. and Canada.

MAJOR WORLD PRODUCERS OF CARS	
1 GM (U.S.)	3,679,260
2 Ford (U.S.)	1,808,038
3 Toyota (Japan)	1,714,836
4 Nissan (Japan)	1,532,731
5 Renault (France)	1,292,551
6 Chrysler (U.S.)	992,902
7 VW (West Germany)	1,050,286
8 Fiat (Italy)	1,006,650
9 BMC (U.K.)	605,141
10 Citroën (France)	623,683

Source: The Automobile Manufacturers Association of each country.
Note: Affiliated companies are not included for individual manufacturers.

and Lada, the Russian manufacturer, has recently indicated its intention of exporting to the U.S.

Another country which shows signs of developing into a considerable exporting force is South Korea. Unlike most of the Eastern European nations, South Korea has set up its car manufacturing completely from scratch, and the capital behind the venture is private rather than public.

Objectives

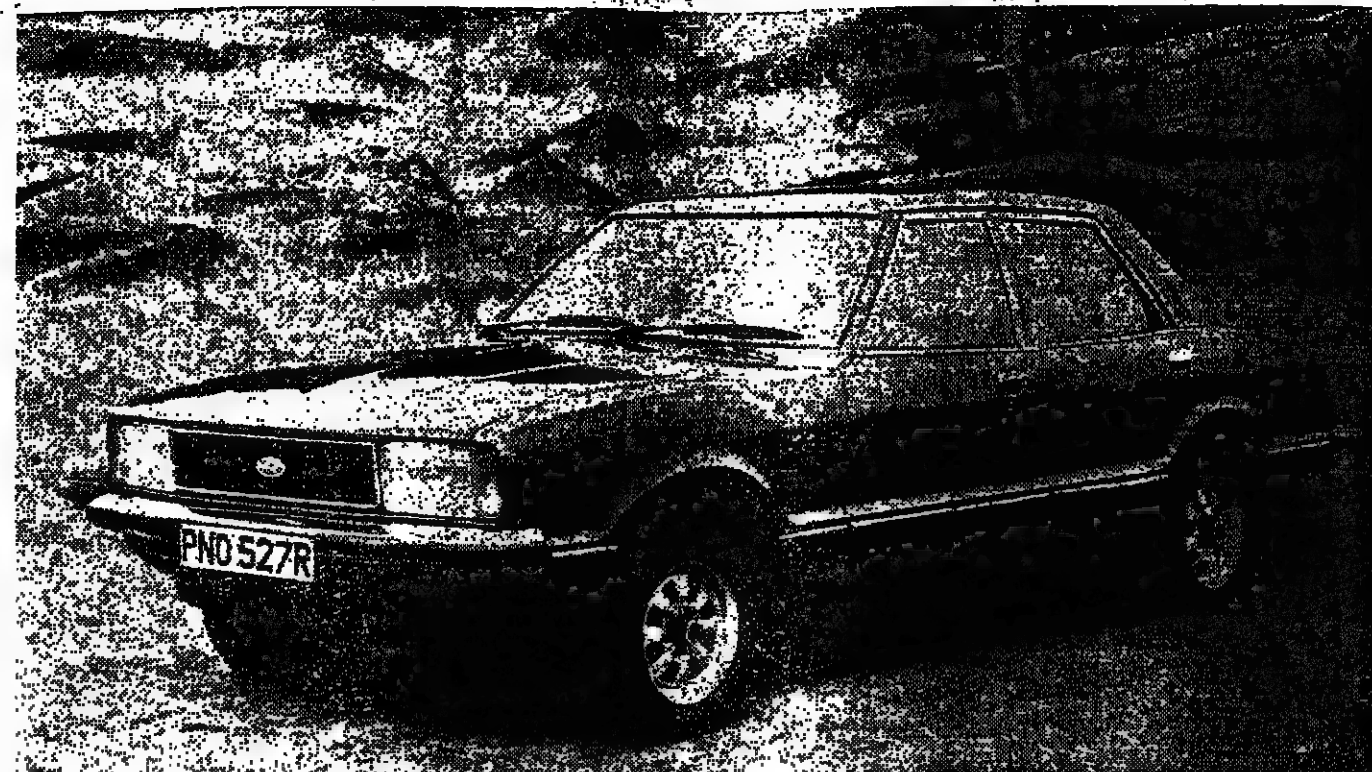
But there are national objectives at work in the venture to the extent that South Korea wants to become a major car exporting nation and a significant force in the world's industry. This partly explains

ample, quickly established such operations in sophisticated markets such as South Africa, Australia and New Zealand, where they could rely on a local source of skilled labour.

In developing countries the demand for similar local facilities is being conceded by Western manufacturers today because that is often the only way of doing business. This usually means a long-term training effort to raise the local level of skills; indeed, it is because developing nations perceive the motor industry as a useful way of evolving a workforce skilled in modern manufacturing methods, and eventually in advanced methods of metal forming, that they insist on local assembly. The aim eventually is to take over more and more of the manufacture of the vehicle at local level.

Iran is perhaps the most advanced example of this trend. Its motor industry has been built mainly on one model, a car called the Paykan which is derived from Chrysler UK's Hunter. Manufacturing of this vehicle, launched in the mid 1960s, has built up swiftly to about 80,000 last year, and there are ambitions to push up to 150,000 this year and 250,000 in 1980. The long process of substituting local component manufacturing for British-made parts has already begun. All the sheet metal in the vehicle is now made in Iran, and laundry work is being developed for engine manufacturing.

Iran, and many of the South



The new Ford Cortina.

American and African states which have followed its ideas of local assembly, has carefully controlled the development of its motor industry. Licences are granted for specific aspects of the industry—four or six cylinder cars, for example—and a plant set up usually in co-operation with a local interest—either private or the state.

Facilities

Some countries, however, have allowed the multinational car companies to develop manufacturing facilities under their own ownership. This has seemed to work best where the amount of competition has been limited. For instance, the Brazilian offshoot of Volkswagen and General Motors now manufacture cars which have a distinctly original flavour and design, although based on models made elsewhere in the groups.

Over the past decade or so,

VEHICLE DENSITY (1974)

Country	Cars	Persons per vehicle
U.S.	99,452,000	1.7
Japan	15,855,548	1.1
West Germany	17,356,276	1.3
France	15,180,000	1.5
U.K.	12,947,534	1.5
Italy	14,200,000	1.6
Canada	8,037,800	1.1
Soviet Union	1,500,000	168.7
Australia	4,600,000	1.3
Spain	4,226,511	1.9

concentrate exclusively on sports cars and Jaguars.

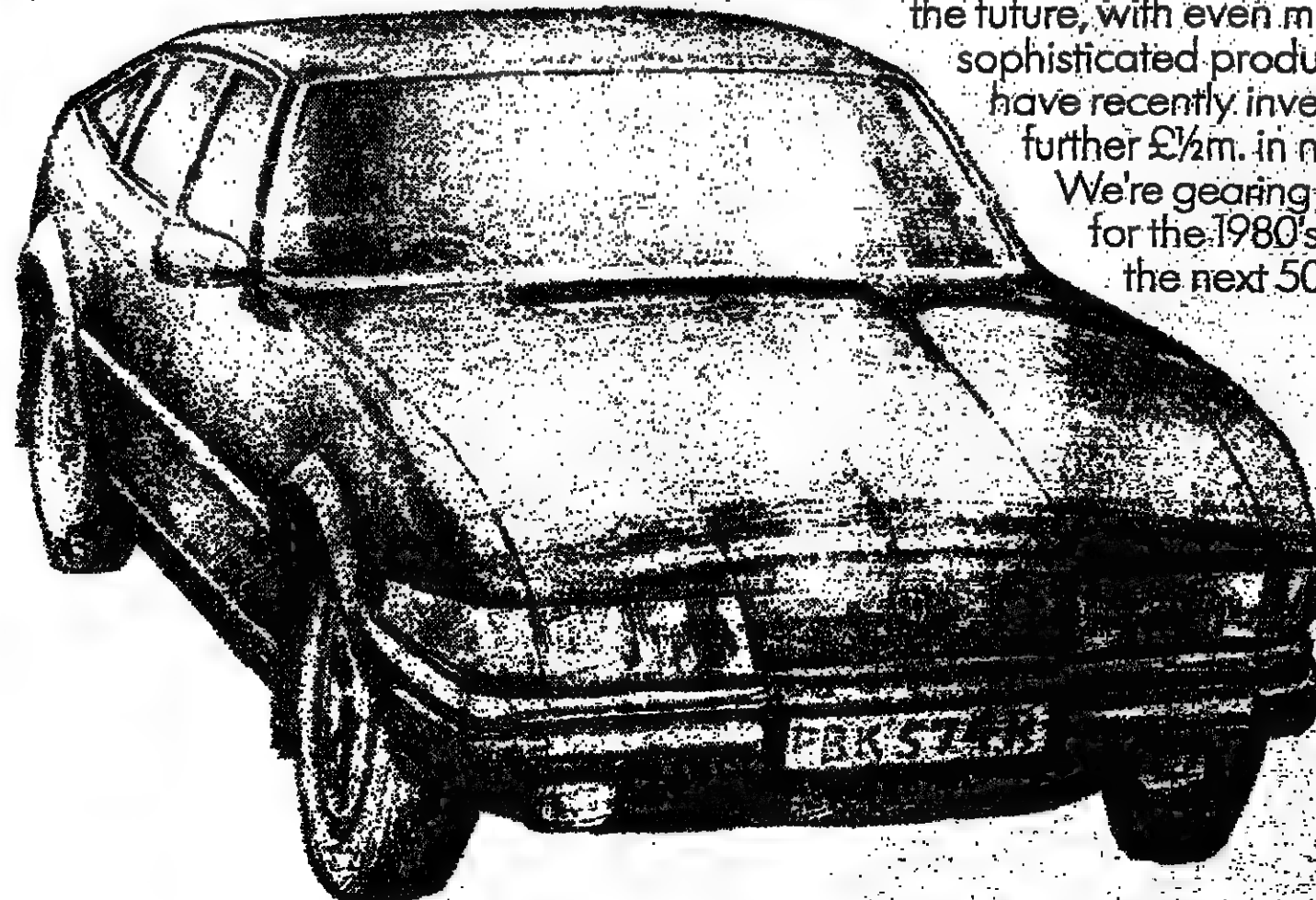
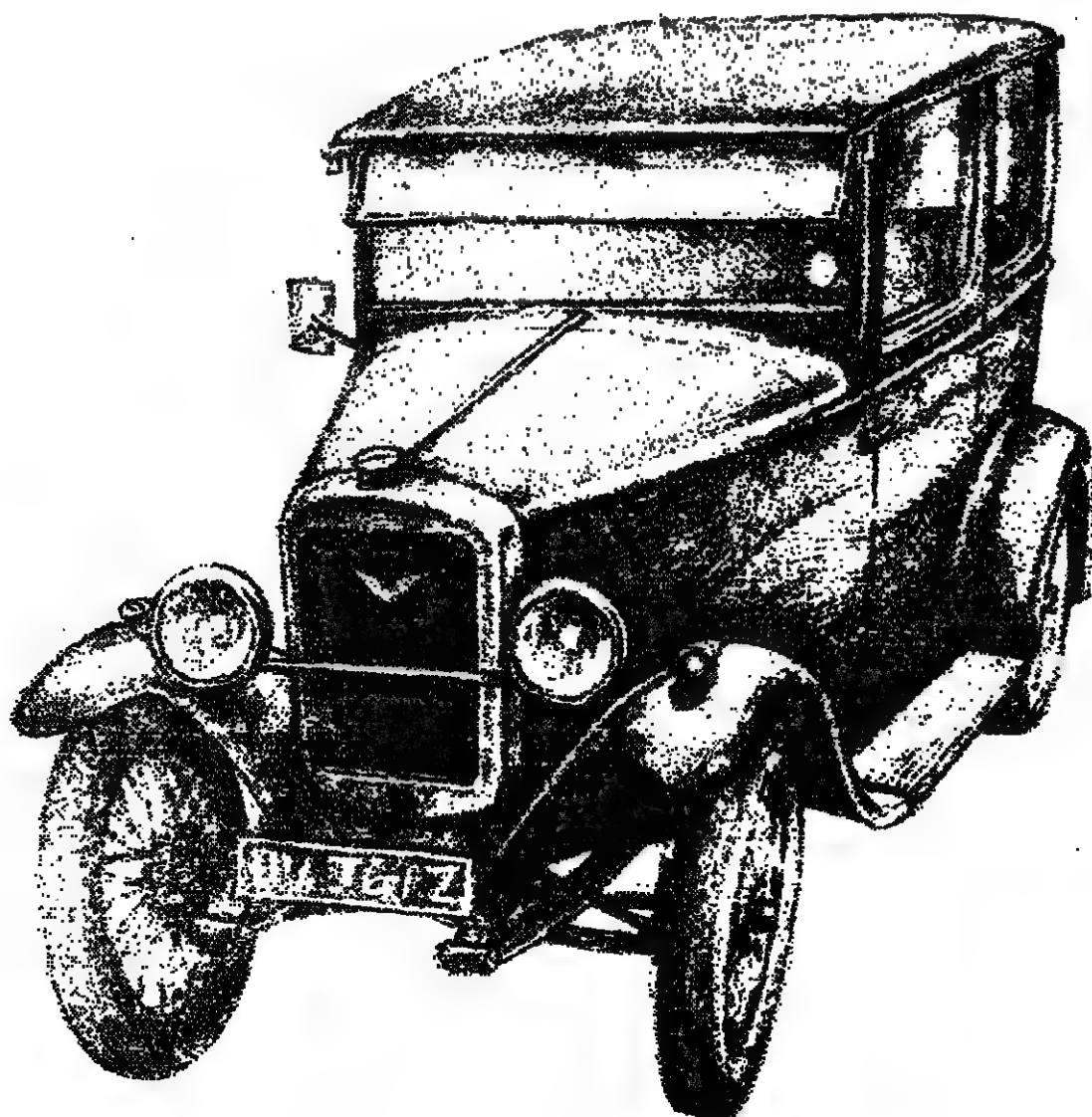
The exception to this pattern remain the Japanese. The immensely productive Japanese manufacturing industry, combined with its smooth marketing and distribution methods, has given it the ability to respond swiftly to changes in the world market. Volvo is planning changes in its American line-up to can continue, is anyone's guess.

We've been keeping the British Motor Industry in good trim for over 50 years.

The Hyde Group of ICI is the leading supplier of interior trimming materials to the British Motor Industry.

Coated fabrics and other pvc products continue to be supplied to all UK Motor Companies manufactured to the highest standards to meet the most stringent technical specifications and design requirements.

And now we are looking forward to the future, with even more sophisticated products and have recently invested a further £1/2m. in new plant. We're gearing ourselves for the 1980's and for the next 50 years.



PAINTS DIVISION
Hyde Group
HYDE CHESS HIRE ENGLAND

مكاتب الشركة

Geoffrey Owen reports on the reasons why the U.K. and Germany are less attractive than the U.S. to science-based entrepreneurs.

The science venture capitalists: a taxing problem

IR JAMES CALLAGHAN, the Prime Minister, is concerned about the low status of industry in this country, which, among other things, causes scientists and engineers to prefer academic life to careers in industry. If he wants to do something about it, he should take a look at a new study of the reasons why the U.K. is not more attractive to science-based entrepreneurs than the U.S. The study, prepared by Arthur D. Little, the industrial consultants, shows that the U.K. is well endowed with scientific talent, but its institutions, both public and private, do not provide the environment for the growth of science-based enterprises. The study, prepared by Arthur D. Little, the industrial consultants, shows that the U.K. is well endowed with scientific talent, but its institutions, both public and private, do not provide the environment for the growth of science-based enterprises.

The situation in Europe is very different. The authors of the study estimate that the number of NTBFs in the U.K. is probably not much more than 200. Of the 43 listed in the report, six are publicly quoted (Racal, Snaflex, Rofork, Derrom, Kode International and Unitech) and 54 are close companies. In Germany the number may be even smaller: only 48 are listed in the report, of which by far the largest is Nixdorf, the computer manufacturer.

Is the problem lack of finance? Since 1949, British scientists and inventors have had access to the National Research Development Corporation (NRDC), which has provided capital for the development of new technology. No fewer than 14,500 inventions were submitted by private individuals to NRDC during 1949-73, but although the Corporation has had some successes

in this respect has contributed to the general lack of interest on the part of the Government in the process of innovation and in the part which small enterprises play in it. The German Government, by contrast, has become much more interested during the last few years. In 1975, for example, a group of banks and credit institutions set up the Deutsche Wagnisfinanzierungs GmbH (DWFG) to provide venture capital for high-risk technological innovation, especially in small and medium-sized industry; the Federal Government will reimburse 75 per cent of DWFG's losses in the early years.

The authors of the study believe that DWFG's initial capital of DM10m. may be too small and warn that if the "banker mentality" prevails the institution may be too reluctant to take risks. There is also the problem of how DWFG is to make a capital profit on its successful investments; a stock market flotation (the normal route for American venture capitalists) is virtually impossible in Germany, and one of DWFG's aims is to avoid selling its protégés to large concerns.

When it comes to private sources of finance the British scientist-entrepreneur is much better placed than his German counterpart. There are more than a dozen specialised institutions offering venture and development capital, many of them subsidiaries of, or backed by, banks, insurance companies and pension funds. The City of London is much more responsive to the needs of the individual entrepreneur and the small firm than the German financial community, says the report.

The trouble is that, partly because of the poor performance of the U.K. economy, providing venture capital has not been a very rewarding business. For instance, Technical Development Capital—since 1966 a subsidiary of ICFE—has achieved

the only practical method of rewarding the inventor-entrepreneur and the venture capitalist for the risks they have taken in starting the business is to sell out to a large corpora-

tion. The sale of Nuclear Enterprises to EMI is a recent example. The authors make the point that in practice most of the U.K. institutions are more interested in supplying development capital, which comes at a later stage than pure venture capital.

There are several modestly successful European venture capital organisations, of which the largest is European Enterprises Development; it was modelled on American Research and Development, whose great triumph with Digital Equipment Corporation

NEW TECHNOLOGY-BASED FIRM (NTBF)

For the purposes of this study an NTBF must:

1. Have been set up after January 1, 1950.
2. Have been based on a patented invention or have substantial technological risks in addition to the normal commercial ones.
3. Have been set up by an individual or group of individuals (subsidiaries of established companies are excluded).
4. Have been set up for the purpose of exploiting an invention or technological innovation.

capital into new businesses is a battle against "big Section 1344 of the Internal Revenue Code, enabling an investor in a "small business corporation" who makes a loss on his shareholding to deduct that loss from his personal income before tax is assessed.

In Germany as well as the U.K. social attitudes are not favourable to the scientist-entrepreneur who sets out on his own. Whereas in the U.S. the prestige of those scientists who have become millionaires several times over encourages others to follow their example, in the U.K. there is a psychological barrier to be overcome. Scientists in Government laboratories feel it is not the "done thing" to "run off" and exploit their own invention.

In Germany the status of degrees in engineering and of skills such as production management is higher than in the U.K., but there appears to be a similar bias against the scientist-entrepreneur. There is a feeling that the Government's R and D policy favours big corporations and that the big corporations try to keep small competitors in their place, as sub-contractors rather than innovators in their own right.

Most of the entrepreneurs interviewed in both countries saw themselves as fighting a personal battle against "big business" and the financial and taxation system. The surprising thing is that despite all these handicaps some have managed to succeed. Mr. Tony Davies of Membrain, "spun off" from Plessey in 1970 at the age of 26 and now a major supplier of automatic testing equipment to the electronics industry, is a textbook example described in the report; in this case equity and loan finance was obtained from Hill Samuel and European Enterprises Development.

The talent is there and so is the financial backing, but the environment is against them. Social attitudes are hard to change, but governments can help by giving small ventures a more central place in their economic and industrial policies.

Letters to the Editor

Accounting for inflation

Mr. P. Peters

Sir—Since the Sandilands Report, accountants in Continental Europe have been closely following the British accountancy profession's efforts to produce a generally acceptable inflation accounting system. Mr. Lafferty's article (October 13) and prior reports have provided a valuable insight into the theoretical and implementation problems that are being faced in the U.K. and others when their turn comes.

Everyone agrees that in inflationary environments, historical financial statements are of little use for their intended purpose. But what is the intended purpose of financial statements? Is it to provide a record of transactions that have actually taken place, or should they be adjusted to reflect the current purchasing power of the assets and liabilities? The latter is the more desirable, but it is also the more difficult. The former is the more practical, but it is also the more misleading. The latter is the more desirable, but it is also the more difficult. The former is the more practical, but it is also the more misleading.

Circumspect utterances

Mr. M. Montague

Sir—The course of my responsibilities each day read eight overseas newspapers. In each of these papers there has recently been quoted, with a dramatic headline, a statement by the Earl of Cromer that, under certain circumstances, it is likely that food rationing will have to be re-introduced into the United Kingdom.

For an ex-Governor of the Bank of England and British Ambassador to the United States of America to make such a statement is extremely damaging to this nation's interests, and he must know, hardly helpful to sterling. It is not surprising that foreigners are becoming alarmed if persons regarded as of distinction make such observations.

The Portuguese economy

From Professor R. Eckman

Sir—Mr. Paul Elman writes (September 3) from Lisbon and refers to a report by a "syndicate of firms at the Massachusetts Institute of Technology," on the Portuguese economy. As the organiser of the research effort commissioned by the Bank of Portugal, which led to this report, I believe it is important to correct some of the attributions in Mr. Elman's article and to contribute to a more constructive view of the Portuguese economy. The report in question does not recommend, or even consider, a 30 per cent cut in real wages. Nor does the report anywhere suggest in any form that the consequences of such a reduction in real wages would be to stem inflation, as compared with maintaining the present level of real wages with resulting "galloping inflation." Although this version of the report also appeared in the Portuguese newspaper, O Tempo, it does not appear in any part of the report itself.

The report does say that Portugal faces serious short run difficulties and that austere measures will be necessary to overcome them. It also says that if these immediate problems can be overcome, it should be possible for Portugal to resume steady growth within a relatively short time.

increase capacity and provide necessary capital; (3) increased taxes and reduced subsidies or transfers to reduce the government deficit; (4) an income policy which would maintain average wage settlements in line with cost of living increases while permitting relatively low wages to rise faster than those which have grown more rapidly in the past. The overall purpose of these policies is to help attain the economy's potential output and to shift the composition of demand in a direction more favourable to external balance and investment.

Given the level of unemployment which now exists and the low level of exports relative to Portugal's historical performance it is expected that the recovery can be achieved without sacrificing consumption, which is projected to rise with such policies by 4.3 per cent in 1977. It was also projected that the policies would lead to a 3 per cent decline in real wages in the first quarter after they were implemented. Yet by the second quarter there could be an increase in real wages of 3.6 per cent.

Public sector pensions

From Mr. T. Laybourn

Sir—In view of the fact that the Government have now openly admitted that there is no hope of this year's inflation being brought down to single figures, it should in all decency immediately either repeal or amend the Pension (Increases) Act 1971. It would be a gross injustice to the general taxpayer if civil servants and other public sector employees were to continue to be protected against inflation when the Government admit that its forecast of reducing it to single figures has failed.

Embankment station

From Mr. R. Perkins

Sir—With reference to recent correspondence on the London Transport Embankment station, it might be of interest to record that this station has merely reverted to its original name.

In connection with these extensions two new stations were constructed on the Hampstead and Highgate branch, one under the District line at Embankment and the other at Waterloo. When the new extension was opened in September, 1926, the Embankment station became known as Charing Cross and the Hampstead's former terminus at Charing Cross was renamed Strand.

The Bakerloo station at Trafalgar Square has always been known by that name, but the station beyond Trafalgar Square on the south-bound route, and constructed directly under the District line about 1906, was known as Embankment until 1926, when all three stations became Charing Cross, retaining that name for exactly fifty years.

Burmah's BP shares

From Mr. R. Collins

Sir—I read that the Burmah Oil Company is to take legal action against the Bank of England with regard to Burmah's holding of BP shares taken over by the Bank early in 1975. Since, presumably, it was never the intention of the Bank to make a profit from this transaction, surely the obvious and most equitable solution, irrespective of the legal niceties, would be for the shares to be sold back to Burmah at the price paid for them. This would greatly assist what one assumes to have been the object of the exercise, namely to save Burmah from disaster, and would obviate any unworthy suspicions of sharp practice on the part of the Bank, which should be above reproach and seen to be so. If Burmah continues legal action the only certain result would be a bonanza for the lawyers and bad publicity for the Bank which is better avoided.

Economics of oil

From Dr. W. Marks

Sir—Lionel Bloch (October 14) is to be commended for pointing out the indifference of the Commons debate on economics to the effect of the projected price rise of oil. It is a sad reflection on those we elect to represent us. However, to suggest that the Organisation of Petroleum Exporting Countries price rises are the cause of our economic malaise, and that our recourse should be that of confrontation by a united industrial front reduces our action from "non-policy" to "discredit."

Middle East oil resource is about equal to the total wealth created by the U.S. over the past century. The world is yet to realise this, and the only sane policy is the North-South dialogue of co-operation so wisely advocated by France rather than confrontation in which both sides must lose.

Wilton Marks, 2, Cleere Cloud Lane, Presbury, Cheltenham.

Nationalisation of insurance

From Mr. L. Mansfield

Sir—The purpose of nationalisation of seven major companies appears to be the assumption of state control over the substantial funds of those companies. The attainment of that purpose, however, seems to require some closer consideration. Insurance companies invest the funds under their control in assets which match their liabilities. This means that a high proportion of assets are invested in fixed interest securities. In so far as these are British Government Securities, the state already has the use of the money if not the control. Local authority loans presumably would not be disturbed.

The remaining assets are in debentures, mortgages and loans, property and ordinary shares. The scope for rearrangement of these investments is surely small as any attempt to disinvest on a substantial scale would cause chaos if it could be achieved at all.

GENERAL

Prime Minister and Cabinet meet Labour Party National Executive Committee to discuss Government's legislative programme for new Parliamentary session.

EEC Foreign Ministers and two-day meeting, Luxembourg.

EEC Energy Ministers meet, Luxembourg.

Keldaren (Federation of Japanese Economic Organisations) delegation meets Prime Minister.

Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Edmund Dell, Trade Secretary, meet Mrs. Barbara Castle MP speaks in Walsol North by-election campaign, Beechdale Estate Tenants' Hall.

Mr. David Ennals, Social Services Secretary, addresses Association of Social Workers.

To-day's Events

House of Commons: Agriculture Bill, third reading. Commons Select Committee: Industrial Change by Arthur D. Little Ltd.

House of Lords: Dock Work Regulation Bill, committee. Sexual Offences (Scotland) Bill, third reading. Industrial Common Ownership Bill, report stage.

COMPANY RESULTS: William Baird (half-year). Furness Withy and Co. (half-year). Hawker Siddeley Group (half-year). UDS Group (half-year).

COMPANY MEETINGS: Abwood Machine Tools, Dartford, 10.30. Capital and National Trust, Bucklebury House, E.C., 11.15. Geover Tin Mines, Penzance, 12.15. Midland Educational, Birmingham, 12. Town and City Properties, Winchester House, Committee—A1. Subject: British E.C., 10.30.

Rail, Witnesses: British Railways Board, Direct Elections to European Assembly.

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House of Lords: Dock Work Regulation Bill, committee. Sexual Offences (Scotland) Bill, third reading. Industrial Common Ownership Bill, report stage.

COMPANY RESULTS: William Baird (half-year). Furness Withy and Co. (half-year). Hawker Siddeley Group (half-year). UDS Group (half-year).

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Do you like money, sheepdogs, Rolls Royce, Whitbread, salmon, castles?

Then you may enter our quiz about the County of Gwent. The prize goes to those who know the least.

1. Where did Mr. Rolls of Rolls Royce live? (Crews is not the answer)
2. Where is the best salmon fishing for London?
3. Where in Great Britain is the most modern steel works, aluminium plant, fibreglass factory and brewery?
4. Where is the nearest "assisted area" to both the Midlands and the South East of England?
5. Which castle was the home of the Norman Conqueror of Ireland?
6. How long does it take to reach the Severn Bridge from London/Birmingham? (without breaking the speed limit)
7. What is the first county West of the Severn Bridge?
8. When re-locating a business, where would you find the greatest variety of sites available?
9. We take it you like swift decisions and no labour problem. So what else could you have in common with Henry V?

If you score three or more "don't knows" you've won. For your prize (a booklet on Industrial Information) phone or contact Gordon Probert or Ian Rooks, County Hall, Cwmbran, Gwent. Telephone Cwmbran 67711 Ext. 573.

Gwent
The first County in Wales

COMPANY NEWS + COMMENT

Mothercare 41% ahead at midway

ON A 29 per cent sales increase from £27.7m to £35.7m, pre-tax profit of Mothercare, the Watford-based maternity and baby wear retailers, improved by 41 per cent from £3.62m to £5.12m in the 26 weeks to September 25, 1976.

U.K. sales rose by 29 per cent to £32.23m and overseas by 31 per cent to £3.56m. Exports increased from £2.25m to £3.86m.

The results of Mothercare Stores Incorporated in the U.S. have not been consolidated as the acquisition was completed only on July 15. The U.S. subsidiary operates 115 stores.

During the six months new stores were opened in Dundee, Fareham, Macleodfield and Swan, bringing the total in the U.K. to 184. In West Germany, stores in Dortmund and Krefeld were closed, reducing the number in Continental Europe to 12.

The net interim dividend is lifted from 1.65p to 1.82p, 10p share costing £568,463 (£531,713). Last year's dividend total was 4.76p paid from record pre-tax profits of £8.32m.

First half 1976
1975
Sales £35.7m £27.7m
U.K. £32.23m £24.94m
Overseas £3.56m £2.76m
Profit before tax £5.12m £3.62m
U.K. £4.78m £3.27m
Overseas £.34m £.35m
Tax 1.27m 1.00m
Net profit £3.91m £2.62m
Excluding VAT £3.47m £2.27m

Statement Page 27
See Lex

Provincial Laundries downturn

On turnover, excluding VAT of £415.884 against £411,907 first half 1976 profits of Provincial Laundries fell from £53,332 to £17,336, subject to tax of £2,337 compared with £17,333.

The interim dividend is held at 0.18p net per 5p share. Last year's final was 0.3245p. After a second half loss pre-tax profits came to £31,404.

Further negotiations are in progress for disposal of the balance of properties on the Halifax estate for completion in the second half.

The Board states that the closure of production at the Harrogate laundry in early October, 1976, necessitated the loss of domestic work, but since then turnover is increasing at an encouraging rate considering the general climate and there is no reason to suppose that this trend will not continue into the second half.

C. M. INDUSTRIES-I.D.I.

Messrs. S. & W. BERKSFORD LTD. have had an option on 25% of the equity of APTUNION/G.A.C.I., the largest French Manufacturers of Glace Fruits.

This option has now expired and Messrs. Berksford have decided not to proceed with the matter any further.

Consequently C. M. INDUSTRIES and I.D.I. remain the sole shareholders in the GROUP APTUNION/G.A.C.I., which, together with its Subsidiaries, has returned to a rapid rate of expansion.

HIGHLIGHTS

Mothercare (covered in Lex) has had a very strong first-half, thanks mainly to the new range of products catering for the five to 10 year old children. Elsewhere the problems in the employment agency sector are plain to see in the half-time results from Alfred Marks and Reed Executive. Losses at Marks totalled £143,000, while at Reed there was only a small profit but in both cases the outlook is far from certain. Profits at Richardson Westgarth are some 12 per cent lower after six months but there are better hopes for the second half while at Weeks better margins following cutbacks in the work force, together with lower borrowings, have left first-half profits nearly 50 per cent higher.

First half upsurge by Weeks

REFLECTING higher operating efficiencies, a significant improvement at the Norwich based subsidiary, and substantial export orders for agricultural equipment, pre-tax profits of Weeks Associates jumped from £137,377 to £232,330 for the six months to July 31, 1976.

The directors say that the second half has started well and prospects for the full year look encouraging. Profits for 1975-76 were a record £240,343.

The interim dividend is held at 0.402p net per 10p share. Last year's final was 0.653p.

The group manufactures and sells agricultural and commercial industrial trailers, axles and suspension equipment, etc.

There are two main features behind Weeks' 47 per cent jump in interim pre-tax profits. First, profit margins have benefited from a cutback in the workforce at Hunton, the commercial vehicle component subsidiary, and second, interest charges are lower now that the capital expenditure programme, which was financed by borrowing, is completed. Borrowing is down by £200,000 since last January to £1m, though this is still large against shareholders' funds (excluding goodwill) of about £1.05m. Sales

Turnover 3,252,887 3,510,778
Trading profit 514,434 263,987
Interest charges 10,104 106,339
Profit before tax 282,330 157,337
Tax 49,000 46,000
Net profit 232,330 111,337

FC Finance to maintain earnings

In an interim statement, the directors of FC Finance say that at this stage in the second half they see no reason to alter the belief expressed in the annual statement that the level of earnings achieved in 1975 can be maintained in the current year.

As known, first-half pre-tax profits increased from £224,000 to £235,000. Profits for all 1975 came to £241,000 and stated earnings per 25p share were 2.7p.

Earlier this month the directors

have been reasonable, with the bulk of U.K. buying of agricultural equipment coming before the full effects of the drought were realised, while exports to developing countries have started to move ahead. For the second half the picture looks encouraging, with good demand for potato grading equipment and orders at Hunton building up as the commercial vehicle sector starts to develop. However, interest rates are moving against the group and, overall, pre-tax profits for the year are unlikely to be much higher than £240,000. Still, on a full tax charge a p/a of 3.3 at 13p along with a maximum yield of 12.2 per cent, does not look demanding.

The interim dividend is lifted from 3.38p to 3.72p net per 50p share costing £119,896 (£108,513). Last year's final payment was 4.76p.

Group turnover 1975 1976
£20,911 £23,889
U.K. tax 1,258 1,263
Overseas tax 175 217
Interest 481 417
Minorities 48 21
Pre dividends 184 244
Attributable ord. 184 244

The chairman, Mr. S. H. Gaunt says the figures more than confirm the expectation of a considerable improvement in 1976 profits. The group has done better than the business has expanded in the Middle East more rapidly than expected.

Provision has been made in the figures for unrealised Euro-dollar exchange losses of £91,000 and for a further writing down to £230,000 of Spire Hopper stock of land, the latter mainly the interest cost of carrying land during the period.

Despite the apparent diversity of the interests of Steel Brothers, a pattern has emerged in recent results. The Food interests have been moving ahead while the property and construction interests have stagnated or been a drag on profits, regardless of national boundaries. Middle Eastern food trading and European rice milling have both performed well while difficult conditions in construction and property have extended to the Netherlands and Canada as well as the U.K. However, the strength of the Middle East food interests has been so great that, combined with the full in the pound, they have taken pre-tax profits 38 per cent higher. On the construction side, profits in Canada have been steady in dollar terms and in the Netherlands losses have been halved but the provision against the rise in mortgage rates does not augur well. Attributable earnings have almost doubled because of a lower tax charge, partly due to some earnings from the Gulf which bore no tax. At 17p, the share yielded a prospective 7.9 per cent.

Statement Page 27

Highlight asks for Receiver

The Leisure wear group, Highlight Sports, has asked its bankers to appoint Receivers and Managers to the parent company and all its subsidiaries. The news followed suspension of Highlight's share price on the Stock Exchange yesterday at 4p where the group is capitalised at £212,000.

In its last financial year the group incurred a pre-tax loss of £80,000 on a turnover of £16.9m, followed by an interim loss of £198,000.

A statement from the company yesterday says that the impact of late deliveries of merchandise from suppliers and a declining market have given rise to high stocks resulting in a cash shortfall which cannot be supported by the group's bankers, Barclays.

Comment

Comment

Steel Bros. tops £1.4m. at midway

ON TURNOVER some £10.25m, higher at £8.91m, pre-tax profits of international traders and manufacturers Steel Brothers Holdings expanded from £1.03m to £1.41m. In the first half of 1976 and the directors expect a similar improvement in the second half. Profits for all 1975 came to £2.77m.

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Statement Page 27

Lowland Drapery first half

From sales slightly lower at £1.5m, compared with £1.53m, profits of Lowland Drapery Holdings declined by £14,400 to £76,800 in the six months ended June 30, 1976.

Mr. J. C. McKell, chairman, reports that sales continue to fluctuate from month to month but the current trend is upward and he anticipates that the full year's trading profit should not be unsatisfactory.

The interim dividend is unchanged at 0.78p net—the total for 1975 was 3.13p paid from profit of £168,826.

Turnover 1975 1976
£1,500 £1,530
Depreciation 12,000 12,000
Interest 24,000 24,000
Pre-tax profit 76,800 90,800
Taxation 41,600 41,600
Net profit 35,200 49,200
Attributable Ordinary 40,800 23,800

Equitable Life reduces premiums

The Equitable Life Assurance Society has reduced the premium

Private Placement

KUWAITI DINARS 3,000,000

NACIONAL FINANCIERA S.A.

Mexico

NOTES DUE 1980-82

J. HENRY SCHRODER & CO. S.A.

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NACIONAL FINANCIERA S.A.

Mexico



Mr. A. D. McN. Boyd, chairman of the Richardson Westgarth group.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. of apportioning div.	Total for year	Total last year
Allied Plant	0.36	Jan. 4	0.28*	0.63	0.63
Estates Property Inv.	0.36	Jan. 4	1.43	1.44	2.33
Lowland Drapery	0.78	Dec. 10	0.78	3.15	3.15
Alfred Marks Bureau	nil	Jan. 4	1.35	1.35	1.35
Mothercare	1.82	Jan. 4	1.66	4.76	4.76
Myddleton Hotels	2.78	Nov. 30	2.11	4.33	2.62
Provincial Laundries	0.18	Nov. 30	0.18	0.36	0.36
Reed Executive	1.1	Jan. 4	2.22	4.48	4.48
Richardson Westgarth Int.	10.3	Jan. 4	10.5	2.80	2.80
Steel Bros. Hlds.	3.72	Jan. 1	3.38	8.14	8.14
W. A. Tyack	1.35	—	1.23	1.9	1.73
Weeks Associates	0.4	—	0.4	1.06	1.06

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

EPIC earnings reduced -dividend cut to 1.44p

MAINLY REFLECTING heavier interest of £16,000 against £27,000 attributable to the Belgian development, distributable net profits of Estates Property Investment Company showed a reduction from £338,000 to £311,000 in the year ended April 30, 1976, and the dividend is being cut from 2.33p to 1.44p, with a final of 0.58p net.

As regards the Brussels project, satisfactory terms have now been arranged for the sale of the greater part of it, subject to a major pre-letting in respect of which negotiations are well advanced. If the sale is completed, they are confident that former profit and dividend levels will be at least restored.

Following a professional revaluation of the group's completed investment properties at April 30, properties being developed and land held for future development are retained at cost, less a provision of £1m. made by the directors after advice from the valuers. The amount of £2.2m, being the net surplus on revaluation, after deducting £270,000 attributable to the minority interest and the provision, has been added to capital reserves.

The year's net surplus—equal to earnings per 25p share of 1.44p (£2.11p)—is arrived at as follows (£100,000 omitted)—net income £211 (£238), realised capital profits £56 (£40), less net outgoings attributable to development properties of £221 (£194), plus a transfer from capital reserves of £163 (£7 to those reserves).

Turnover 1975 1976
£1,500 £1,530
Depreciation 12,000 12,000
Interest 24,000 24,000
Pre-tax profit 76,800 90,800
Taxation 41,600 41,600
Net profit 35,200 49,200
Attributable Ordinary 40,800 23,800

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Private Placement

KUWAITI DINARS 3,000,000

NACIONAL FINANCIERA S.A.

Mexico

The Financial Times Tuesday October 20 1976

Maintained profit for Richardsons Westgarth

POOR RESULTS from the engineering subsidiaries and from the shiprepairing offshoot have combined to clip profits of Richardsons Westgarth and Co. from £745,000 to £588,000 in the half year ended June 30, 1976, but for the full year the directors expect the figure to be similar to the annual equivalent of the £1.35m achieved in the previous nine months, which implies a total of around £1.3m.

This expectation assumes that the company's marine engineering and shiprepairing subsidiaries are not nationalised until the early months of 1977. The Bill is currently before the House of Lords.

The directors explain that the first half profit has been affected by poor results of subsidiaries engaged in the manufacture of engineering products, stemming from inadequate order intake and the effects of inflation on work in hand.

Subsidiaries providing engineering services in general improved their trading returns, except the shiprepairing offshoot, the Humber Graving Dock and Engineering Co., which was adversely affected by the general lack of shiprepairing work. The combined results of the holding and engineering subsidiaries were much improved.

After tax and minorities, the balance attributable for the half year emerges at £307,000, compared with £337,000, giving earnings per 30p share down from 1.24p to 1.02p. The interim dividend is unchanged at 1.05p net—the total for the previous nine months was 2.5p.

Richardsons Westgarth's forecast of substantially better second-half profits would entirely reverse the pattern at half-time, which shows pre-tax profit down 12 per cent on turnover up by nearly the same amount. The burden of improvement must lie on the manufacturing side which, in the first half, has been hit by downturn in orders and higher costs. The company believes orders have simply been delayed and will show improvement in the second half. Further, the steel stockholding dividend, already recovering from its 75p nadir, but it is difficult to judge how badly the impetus may be hit by the new level of interest rates. Future prospects depend on the steel stockholding dividend being nationalised next Spring, which as to 75p per cent of the issue could dramatically alter earnings. The balance of the issue, amounting to £30,000, new stock, the company hits its forecast, the p/a will be taken up by the under-4.6 at 55p represents caution, writers.

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Red EX £55,00
Steel
DIVIDEND
RESULTS (unaud)

INTERNATIONAL FINANCIAL AND COMPANY NEWS

India buys 100% of Caltex

NEW DELHI, Oct. 18. THE INDIAN Government has announced it will acquire 100 per cent. ownership of Caltex Oil Refining—India—and its sister marketing company.

A memorandum of understanding has been signed by both parties bringing almost the entire oil industry in India under Government control.

The oil firm which began negotiating with the Government in March will sign a final acquisition agreement in December. The 1976 profits for both the oil firm and the marketing concern will go to the Government, reports said.

The memorandum of understanding calls for the Government to pay Caltex Petroleum Corporation U.S.A.—a venture of Texaco Inc. and Standard Oil of California—about \$14.4m. in five instalments for the acquisition of the U.S. firm's refining and marketing assets and operations in India.

Overseas demand for U.S. steel offsets lull in home sales

PITTSBURGH, Oct. 18.

MONTHLY EXPORTS of steel mill products have been on the rise since January, with August exports totalling 280,000 tons, up sharply from January's total of only 150,000 tons, according to the American Iron and Steel Institute, a Washington-based trade group. Except for July's exports of 315,000 tons—a 1976 high—the August figure was the highest since March, 1975.

August's exports were 3.5 per cent. ahead of August, 1975. "With domestic demand at a momentary lull, some of the slack appears to have been picked up by foreign demand," says Charles Stern, president of the American Institute for Importers Steel, another trade group. "World business conditions are getting a little better," says Robert Welch, president of the Steel Service Center Institute in Cleveland.

"We're finally beginning to get a little stronger tone,"

reports an executive of a major U.S. producer. He explains that the world market for steel "is stirring a bit—or some companies in the U.S. industry are willing to go out and try to secure up that kind of business."

But, Welch warns that there won't be "a big difference" between this year's exports and 1975's total of almost 3m. tons. Exports through the first eight months of 1976 stood at 19m. tons, 14 per cent. behind the tonnage shipped to foreign customers in the year-earlier period. Exports in 1975 were about half those in 1974 when demand for steel was straining the limits of capacity.

U.S. steel imports during August remained little changed from July's 1.2m., but were well ahead of the 748,000 tons imported in August, 1975. Imports for the first eight months amounted to 8.8m. tons, up from 7.4m. tons a year earlier. Total

1975 imports were about 12m. tons.

Much of the recent export gain has involved flat-rolled steel products for which domestic demand has softened in recent months. These products include some items on which U.S. producers recently withdrew price rises scheduled for October 1 averaging about 4.5 per cent.

Exports of cold-rolled sheet steel—a key material in the manufacture of such consumer items as autos and appliances—amounted to almost 113,000 tons during the first eight months of 1976—that was 144 per cent. higher than the year-earlier level.

The August cold-rolled export total of 25,000 tons was nearly six times that of August, 1975. Cold-rolled exports of 54,000 tons in July alone exceeded the 44,000 tons exported in the entire first eight months of last year.

After the collapse of Unidata, Siemens has emerged with a new computer division, a new top manager, and three new products to sell, reports Nicholas Colchester from Bonn.

Back in the game



Siemens' computer plant detail.

A YEAR AND A quarter after the collapse of the European computer venture, Unidata, Siemens has emerged with a new computer division, headed by a new top manager with three important new products to sell. The company insists that it is now the technological equal of its competitors and that its immediate task is to win commercial recognition of this fact.

The man given the tough brief of putting Siemens into profit in a business in which it got off to a slow start and in which it has been twice disillusioned by abortive attempts at international co-operation is Dr. Anton Peisl, 46, the former chief sales officer in the company's telecommunications business. His overriding problem is to generate the computer sales that will reduce the ration of Siemens' computer R and D spending to turnover below the one-fifth at which it is standing at the moment.

In the company's last financial year, which ended on September 30, 1976, the businesses in the newly formed "Data and Information Systems" Group, achieved a 9 per cent. increase in orders to DM125bn. and a 10 per cent. increase in turnover to DM115bn. Its ratio of rental income to direct sales remained unchanged at 50:50.

The company has 7 per cent. market share in the nine European countries in which it is selling computer equipment—in West Germany its share is 17 per cent. and in Belgium 15 per cent. Dr. Peisl expects to record another 10 per cent. increase in turnover in the year that has just started. Without specifying figures he claims that last year brought a substantial reduction in the previous year's loss on computer business of DM180m.

He says that breakeven will require sales of above DM2bn. Presenting these figures at a U.S. Siemens has a "second source" agreement with Intel week Dr. Peisl commented that the 50 per cent. of the orders received by the Siemens computer megabyte) version of the T700 division now involve data-tele- processing—that is, the linking of a central computer to a net-

work of input and output terminals.

This shows the importance of Siemens' telecommunications expertise to its computer prospects. As examples Dr. Peisl cited: DM115m. contract from the Federal Railways to provide a computer system that will control all its freight movements; and a "letter of intent" for a computer booking system to link many of West Germany's travel agencies.

Dr. Peisl presented a new computer at the top end of Siemens' 7000 range of medium sized general purpose computers, the T760, which is equivalent in power to the 1983 of IBM. The most obvious technical advance in this new model is the use of extremely compact 16,384-bit integrated memory chips in the core storage. These chips, which dramatically reduce the size and power consumption of the main memory, are the fruit of Siemens deal with Intel of a U.S. Siemens has a "second source" agreement with Intel week Dr. Peisl commented that the 50 per cent. of the orders received by the Siemens computer megabyte) version of the T700 division now involve data-tele- processing—that is, the linking of a central computer to a net-

The second, important, fresh computer product from Siemens is a new laser-printer capable of printing computer output at 70,000 characters a second—in other words, the printer could cover an entire page of the Financial Times with solid print in the space of less than one second. Each printer costs DM600,000 and Siemens clearly believes itself to have a winner here. The company is negotiating agreements with other computer manufacturers to supply best ways to deal with this printer—though not to IBM.

In the small computer range, the company says that it also has sufficient hardware to develop a range of computers, to develop a machine, but software remains an uncertainty. It might range downwards from machines upwards. Siemens still underestimates the need for a deal with a machine manufacturer to supply best ways to deal with this printer—though not to IBM.

which itself has a laser printer. Dr. Peisl foresees sales of per year direct to Siemens computer customers and of 200 a year to customers of computer manufacturers.

Siemens now has a full range of medium-sized general-purpose computers and the associated terminals. The gaps in the product range remain a computer for business applications, and a small computer for business applications. The IBM system, 32 type can be used as a satellite computer in conjunction with larger central unit.

Dr. Peisl says that the range is to be extended up to provide still more computer power, but that Siemens does not intend to develop a large computer at its Siemens has no intention of linking with AMDahl, computer to meet this requirement. Instead it is planning to a big Fujitsu computer M-190—complete with Siemens peripheral equipment.

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Melita Knitwear to close down

BY GODFREY GRIMA

MALTA, October 18

MELITA KNITWEAR, one of Malta's troubled State-owned textile firms, is to close down. An official statement disclosed that the company has built up losses totalling £M250,000, not including a £M160,000 debt. Melita Knitwear, it was further revealed, has cost the Government £M660,000 in various rescue bids. The company has been facing difficulties since 1970. A year later the firm handed over executive powers to a management committee made up of Malta Development Corporation and General Workers' Union officials. In 1973 following talks with the company's creditors including banks, the MDC over an 83 per cent. sharehold and the GWU took the reins. Although new management were tapped and the firm's flow was improved, Melita's losses eventually sent it to the relentless recession in the markets, according to a Government spokesman.

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All of these Securities have been sold. This announcement appears as a matter of record only.

\$60,000,000

(Canadian)

General Motors Acceptance Corporation of Canada, Limited

\$30,000,000 (Canadian) 9% Notes Due 1981

\$30,000,000 (Canadian) 9% Debentures Due 1988

Payment of principal, premium, if any, and interest unconditionally guaranteed by

General Motors Acceptance Corporation

Principal, premium, if any, and interest will be payable in Canadian dollars in Toronto or in certain cities outside Canada without deduction for or on account of Canadian withholding taxes, all as set forth in the Offering Circular. Interest will be payable annually on October 15, commencing in 1977.

MORGAN STANLEY INTERNATIONAL

WOOD GUNDY LIMITED

DOMINION SECURITIES CORPORATION HARRIS & PARTNERS LIMITED

ALAHLI BANK OF KUWAIT (K.S.C.)
AMSTERDAM-ROTTERDAM BANK N.V.
BAER SECURITIES CORPORATION
BANCA NAZIONALE DEL LAVORO
BANK OF AMERICA INTERNATIONAL
BANK LEU INTERNATIONAL LTD.

ALGEMENE BANK NEDERLAND N.V.
ANDRESEN BANK A/S
BANCA COMMERCIALE ITALIANA
BANCO DI ROMA
BANK GUTZWILLER, KURZ, BUNGENER (OVERSEAS)
BANK MEES & HOPE NV

A.E. AMES & CO.
BACHE HALSEY STUART INC.
BANCA DEL GOTTARDO
BANCO DI SANTO SPIRITO
BANK BUNGENER (OVERSEAS)
BANK MEES & HOPE NV

BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.)
BANQUE FRANCAISE DU COMMERCE EXTERIEUR
BANQUE DE L'INDOCHINE ET DE SUEZ
BANQUE LAMBERT-LUXEMBOURG S.A.
BANQUE DE NEUFVILLE, SCHLUMBERGER, MALLET
BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG

BANQUE BRUXELLES LAMBERT S.A.
BANQUE GENERALE DU LUXEMBOURG S.A.
BANQUE INTERNATIONALE A LUXEMBOURG S.A.
BANQUE NATIONALE DE PARIS
BANQUE DE PARIS ET DES PAYS-BAS
BANQUE ROTHSCHILD
BANQUE WORMS

BARCLAYS BANK INTERNATIONAL BANKING BROTHERS & CO.
BAYERISCHE VEREINSBANK
BREISACH PINSCHOP SCROELLER
BURNS PRY CAPITAL FIN INTERNATIONAL S.p.A.
CAZENOVE & CO. CHRISTIANIA BANK OG KREDITKASSE
CLARIDEN BANK
COMMERZBANK COMPAGNIA FINANZIARIA INTERMOBILIARE S.p.A.
CONTINENTAL ILLINOIS COUNTRY BANK
CREDIT COMMERCIAL DE FRANCE
CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE
CREDIT INDUSTRIEL ET COMMERCIAL CREDIT LYONNAIS
CREDIT DU NORD CREDIT SUISSE WHITE WELD
CREDITANSTALT-BANKVEREIN CREDITO ITALIANO
D MACHI KANGYO BANK NEDERLAND N.V.

BAIRING BROTHERS & CO.
BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK
BERLINER HANDELS- UND FRANKFURTER BANK
BROWN HARRIMAN & INTERNATIONAL BANKS LTD.
CAZENOVE & CO. CHRISTIANIA BANK OG KREDITKASSE
CLARIDEN BANK
COMMERZBANK COMPAGNIA FINANZIARIA INTERMOBILIARE S.p.A.
CONTINENTAL ILLINOIS COUNTRY BANK
CREDIT COMMERCIAL DE FRANCE
CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE
CREDIT INDUSTRIEL ET COMMERCIAL CREDIT LYONNAIS
CREDIT DU NORD CREDIT SUISSE WHITE WELD
CREDITANSTALT-BANKVEREIN CREDITO ITALIANO
D MACHI KANGYO BANK NEDERLAND N.V.

DAIWA EUROPE N.V.
DEN NORSKE CREDITBANK
DEWAAT & ASSOCIES INTERNATIONAL S.A.S.
EFFECTEN- & ASSOCIES INTERNATIONAL S.A.S.
EUROPEAN BANKING COMPANY EUROTRADING FINANCOR FIRST BOSTON EUROPE
FIRST CHICAGO ROBERT FLEMING & CO. GIROZENTRALE UND BANK DER OSTERREICHISCHEN SPARKASSEN
GOLDMAN SACHS INTERNATIONAL CORP.
GREENSHIELDS INCORPORATED
HAMBROS BANK
R. HENRIQUES JR. BANK
HESSISCHE LANDESBANK GIROZENTRALE
HILL SAMUEL & CO.
IBJ INTERNATIONAL
INTERUNION-BANQUE
ISTITUTO BANCARIO SAN PAOLO DI TORINO
JARDINE FLEMING & COMPANY
KIDDER, PEABODY INTERNATIONAL
KJOENHAVNS HANDELSBANK
KLEINWORT, BENSON
KREDITBANK N.V.
KREDITBANK S.A. LUXEMBOURGEOISE
KUHN, LOEB & CO. INTERNATIONAL
KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.)
KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K.
KUWAIT INVESTMENT COMPANY (S.A.K.)
E. VAN LANSCHOT
LAZARD BROTHERS & CO.
LAZARD FRERES ET CIE LEVESQUE, BEAUBIENINC. MANUFACTURERS HANOVER
MCLEOD, YOUNG, WEIR & COMPANY
MERRILL LYNCH INTERNATIONAL & CO.
B. METZLER SEEL, SOHN & CO.
MIDLAND DOHERTY
SAMUEL MONTAGU & CO.
MORGAN GRENTELL & CO.
NEDERLANDSCHE MIDDENSTANDSBANK N.V.
NESBITT THOMSON
NEUE BANK
THE NIKKO SECURITIES CO. (EUROPE) LTD.
NOMURA EUROPE N.V.
NORDDEUTSCHE LANDESBANK GIROZENTRALE
PETERBROECK, VAN CAMPENHOUT, KEMPEN S.A.
PIETROBROECK, VAN CAMPENHOUT, KEMPEN S.A.
PICTET INTERNATIONAL
PIERSON, HEDRICK & PIERSON N.V.
PITFIELD, MACKAY, ROSS & COMPANY
PKBANKEN
PRIVATBANKEN
RICHARDSON SECURITIES OF CANADA
N. M. ROTHSCHILD & SONS
SALOMON BROTHERS INTERNATIONAL
J. HENRY SCHRODER WAGG & CO.
SEANDINAVISKA ENSKILDA BANKEN
SOCIETA FINANZIARIA ASSICURATIVA (SOFIAS)
SOCIETE GENERALE (R.A.S. GROUP)
STRAUSS, TURNULL & CO.
SVENSKA HANDELSBANKEN
SOCIETE GENERALE DE BANQUE S.A.
TRADITION SECURITIES
UNION BANK OF SWITZERLAND (SECURITIES)
SWISS BANK CORPORATION (OVERSEAS)
VERBAND SCHWEIZERISCHER KANTONALBANKEN
VEREINS-UND WESTBANK
J. VONTOBEL & CO.
S.G. WARBURG & CO. LTD.
WARDLEY WESTDEUTSCHE LANDESBANK
YAMAICHI INTERNATIONAL (EUROPE)
GIROZENTRALE

October 19, 1976.

All of these Securities have been sold. This announcement appears as a matter of record only.

\$100,000,000

European Economic Community

7¾% Notes Due 1981

Interest payable April 1 and October 1

MORGAN STANLEY & CO.

THE FIRST BOSTON CORPORATION

KUHN, LOEB & CO.

LEHMAN BROTHERS

SALOMON BROTHERS

BACHE HALSEY STUART INC.

BLYTHE EASTMAN DILLON & CO.

DILLON, READ & CO. INC.

DREXEL BURNHAM & CO.

GOLDMAN, SACHS & CO.

HORNBLOWER & WEEKS-HEMPHILL, NOYES

E. F. HUTTON & COMPANY INC.

KIDDER, PEABODY & CO.

LAZARD FRERES & CO.

LOEB, RHOADES & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH

PAINE, WEBBER, JACKSON & CURTIS

REYNOLDS SECURITIES INC.

SMITH BARNEY, HARRIS UPHAM & CO.

UBS-DB CORPORATION

WARBURG PARIBAS BECKER INC.

WERTHEIM & CO., INC.

WHITE, WELD & CO.

DEAN WITTER & CO.

BASLE SECURITIES CORPORATION

SOGEN-SWISS INTERNATIONAL CORPORATION

BANQUE NATIONALE DE PARIS

ROBERT FLEMING HILL SAMUEL SECURITIES CORPORATION

KLEINWORT, BENSON

KREDITBANK S.A. LUXEMBOURGEOISE

MORGAN GRENTELL & CO.

NEW COURT SECURITIES CORPORATION

SCANDINAVIAN SECURITIES CORPORATION

J. HENRY SCHRODER WAGG & CO.

WESTDEUTSCHE LANDESBANK GIROZENTRALE

BAER SECURITIES CORPORATION

CAISSE DE DEPOTS ET CONSIGNATIONS

COUNTY BANK

CREDITANSTALT-BANKVEREIN

KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.)

KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K.

KUWAIT INVESTMENT COMPANY (S.A.K.)

NOMURA SECURITIES INTERNATIONAL, INC.

PICTET INTERNATIONAL

VEREINS-UND WESTBANK

DAIWA SECURITIES/AMERICA INC.

THE NIKKO SECURITIES CO.

YAMAICHI INTERNATIONAL (AMERICA), INC.

NEW JAPAN SECURITIES INTERNATIONAL, INC.

ULTRAFIN INTERNATIONAL CORPORATION

October 15, 1976.

مكتبة المجلد

F. Goodrich agrees terms with the Hague

JOHANNESBURG, Oct. 18. F. Goodrich has agreed to sell its shares in the Dutch company, Vredestein, and to transfer its management to the Hague. The agreement was reached after a series of discussions between the two companies, which began in June 1975. The Dutch company, Vredestein, is a major supplier of technical equipment to the South African defence forces. The agreement provides for the transfer of the company's management to the Hague, and for the sale of its shares to the Dutch company. The agreement was reached after a series of discussions between the two companies, which began in June 1975. The Dutch company, Vredestein, is a major supplier of technical equipment to the South African defence forces. The agreement provides for the transfer of the company's management to the Hague, and for the sale of its shares to the Dutch company.

MoDo reports interim profits sharply down

STOCKHOLM, Oct. 18. MoDo, the Swedish pulp and paper company, has reported that its interim profits for the first eight months of this year were sharply down. The company's profits for the first eight months of this year were down 10 per cent on the same period last year. The company's profits for the first eight months of this year were down 10 per cent on the same period last year. The company's profits for the first eight months of this year were down 10 per cent on the same period last year.

Schneider profits drop to Frs51.2m.

PARIS, Oct. 18. Schneider S.A., the French holding company with important investments in the heavy industrial sector, saw its 1975 net profits slip to Frs51.2m. The company's profits for the first eight months of this year were down 10 per cent on the same period last year. The company's profits for the first eight months of this year were down 10 per cent on the same period last year.

Citicorp forms loan group

BY TONY HAWKINS
THE CITICORP International finance the steel-line in Brazil. The loan is being made to the group to lend between \$250m. Brazilian Federal Railway and \$300m. to the Moroccan (RFFSA), and \$175m. will be in State agency Office Cheridien de la Phosphate. The loan has a final maturity of seven years and an average interest rate of 11 per cent. The management group is headed by Citicorp International, which is a subsidiary of Citicorp. The loan is being made to the group to lend between \$250m. Brazilian Federal Railway and \$300m. to the Moroccan (RFFSA), and \$175m. will be in State agency Office Cheridien de la Phosphate.

Property sales help netco in first half

JOHANNESBURG, Oct. 18. The International Federation of Stock Exchanges adopted a resolution recommending minimum standards for the listing of shares on member exchanges. The resolution was adopted at a meeting of the federation's annual general assembly in Johannesburg. The resolution was adopted at a meeting of the federation's annual general assembly in Johannesburg. The resolution was adopted at a meeting of the federation's annual general assembly in Johannesburg.

Carpenter provides A\$9m. against possible losses

SYDNEY, Oct. 18. W. R. CARPENTER Holdings, the island trader and diversified investment operator, has provided A\$9m. against possible losses. The company's profits for the first eight months of this year were down 10 per cent on the same period last year. The company's profits for the first eight months of this year were down 10 per cent on the same period last year.

Baron Empain, Board member

PARIS, Oct. 18. Baron Empain, a member of the Board of Directors of Citicorp, has been elected to the Board of Directors of Citicorp. The company's profits for the first eight months of this year were down 10 per cent on the same period last year. The company's profits for the first eight months of this year were down 10 per cent on the same period last year.

Bk. de Viscaya notes

PARIS, Oct. 18. Banco de Viscaya is to raise a new convertible issue of \$25m. by issuing five-year floating rate notes in the Eurobond market. The company's profits for the first eight months of this year were down 10 per cent on the same period last year. The company's profits for the first eight months of this year were down 10 per cent on the same period last year.

Continental Corp in \$29m purchase

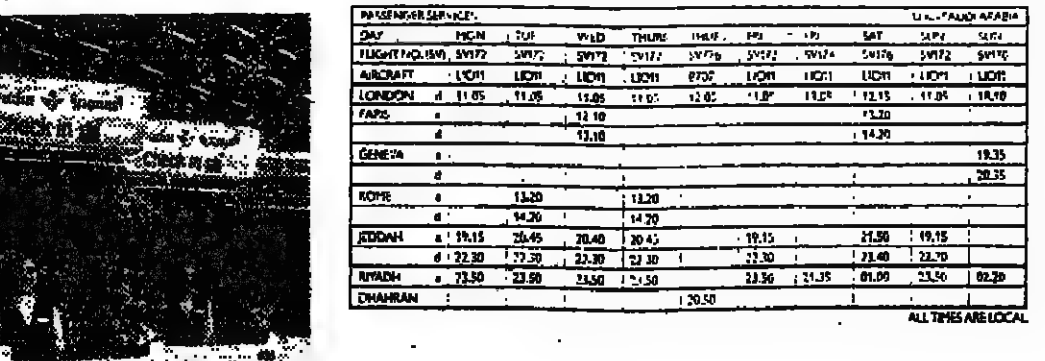
ST. LOUIS, Oct. 18. Continental Corporation, the largest financial group in the U.S., is to acquire a major insurance company. The company's profits for the first eight months of this year were down 10 per cent on the same period last year. The company's profits for the first eight months of this year were down 10 per cent on the same period last year.

Merger favoured

ATLANTA, Oct. 18. Coca-Cola company and Taylor Wine company incorporated said a preliminary agreement for their merger provides that Coca-Cola will issue one common share for each 3.75 shares of Taylor common stock outstanding. The company's profits for the first eight months of this year were down 10 per cent on the same period last year. The company's profits for the first eight months of this year were down 10 per cent on the same period last year.

Now Saudia give you 10 flights weekly to one of the world's richest markets.

A hint to the British businessman serious about doing business in Saudi Arabia...
If you're planning a visit to Saudi Arabia, take Saudia as a business ally. We're the country's national airline. The one airline offering you an unmatched schedule of comfort and convenience. We do it firstly with the luxury of TriStar. And secondly we offer you to flights weekly, with 5 non-stops. These flights are timed to connect with incoming flights from major airports throughout the UK and Ireland. In the Kingdom the internal routes are exclusive to Saudia. Thus you benefit with same day connections from Jeddah to major cities within our country. What's more, Saudia in-flight hospitality means you'll enjoy a special courtesy that is traditional to our country. And naturally this complements all the services and facilities you'd expect from a major international carrier. Look at our TriStar service, look at our schedules. You'll have to agree that flying Saudia to Saudi Arabia makes sense. Because after all, we're geared up for you, the international businessman. For reservations or information contact your travel agent or ring your nearest Saudia office.



TriStar wide-bodied comfort.

Our convenient schedule.

FLIGHT	FROM	TO	FLYING TIMES	FLYING TIMES	FLYING TIMES	FLYING TIMES	FLYING TIMES	FLYING TIMES	FLYING TIMES
1	JEDDAH	RIYADH	07:00	08:00	09:00	10:00	11:00	12:00	13:00
2	JEDDAH	RIYADH	14:00	15:00	16:00	17:00	18:00	19:00	20:00
3	JEDDAH	RIYADH	21:00	22:00	23:00	00:00	01:00	02:00	03:00

Friendly, efficient Saudia service.

FLIGHT	FROM	TO	FLYING TIMES	FLYING TIMES	FLYING TIMES	FLYING TIMES	FLYING TIMES	FLYING TIMES	FLYING TIMES
4	JEDDAH	RIYADH	07:00	08:00	09:00	10:00	11:00	12:00	13:00
5	JEDDAH	RIYADH	14:00	15:00	16:00	17:00	18:00	19:00	20:00
6	JEDDAH	RIYADH	21:00	22:00	23:00	00:00	01:00	02:00	03:00

The British businessman's friend in the Middle East. For over 30 years.

EUROPEAN BOND PRICES

BOND	PRICE	BOND	PRICE	BOND	PRICE	BOND	PRICE	BOND	PRICE
1980	104.5	1980	104.5	1980	104.5	1980	104.5	1980	104.5
1981	104.5	1981	104.5	1981	104.5	1981	104.5	1981	104.5
1982	104.5	1982	104.5	1982	104.5	1982	104.5	1982	104.5
1983	104.5	1983	104.5	1983	104.5	1983	104.5	1983	104.5
1984	104.5	1984	104.5	1984	104.5	1984	104.5	1984	104.5
1985	104.5	1985	104.5	1985	104.5	1985	104.5	1985	104.5
1986	104.5	1986	104.5	1986	104.5	1986	104.5	1986	104.5
1987	104.5	1987	104.5	1987	104.5	1987	104.5	1987	104.5
1988	104.5	1988	104.5	1988	104.5	1988	104.5	1988	104.5
1989	104.5	1989	104.5	1989	104.5	1989	104.5	1989	104.5
1990	104.5	1990	104.5	1990	104.5	1990	104.5	1990	104.5
1991	104.5	1991	104.5	1991	104.5	1991	104.5	1991	104.5
1992	104.5	1992	104.5	1992	104.5	1992	104.5	1992	104.5
1993	104.5	1993	104.5	1993	104.5	1993	104.5	1993	104.5
1994	104.5	1994	104.5	1994	104.5	1994	104.5	1994	104.5
1995	104.5	1995	104.5	1995	104.5	1995	104.5	1995	104.5
1996	104.5	1996	104.5	1996	104.5	1996	104.5	1996	104.5
1997	104.5	1997	104.5	1997	104.5	1997	104.5	1997	104.5
1998	104.5	1998	104.5	1998	104.5	1998	104.5	1998	104.5
1999	104.5	1999	104.5	1999	104.5	1999	104.5	1999	104.5
2000	104.5	2000	104.5	2000	104.5	2000	104.5	2000	104.5
2001	104.5	2001	104.5	2001	104.5	2001	104.5	2001	104.5
2002	104.5	2002	104.5	2002	104.5	2002	104.5	2002	104.5
2003	104.5	2003	104.5	2003	104.5	2003	104.5	2003	104.5
2004	104.5	2004	104.5	2004	104.5	2004	104.5	2004	104.5
2005	104.5	2005	104.5	2005	104.5	2005	104.5	2005	104.5
2006	104.5	2006	104.5	2006	104.5	2006	104.5	2006	104.5
2007	104.5	2007	104.5	2007	104.5	2007	104.5	2007	104.5
2008	104.5	2008	104.5	2008	104.5	2008	104.5	2008	104.5
2009	104.5	2009	104.5	2009	104.5	2009	104.5	2009	104.5
2010	104.5	2010	104.5	2010	104.5	2010	104.5	2010	104.5
2011	104.5	2011	104.5	2011	104.5	2011	104.5	2011	104.5
2012	104.5	2012	104.5	2012	104.5	2012	104.5	2012	104.5
2013	104.5	2013	104.5	2013	104.5	2013	104.5	2013	104.5
2014	104.5	2014	104.5	2014	104.5	2014	104.5	2014	104.5
2015	104.5	2015	104.5	2015	104.5	2015	104.5	2015	104.5
2016	104.5	2016	104.5	2016	104.5	2016	104.5	2016	104.5
2017	104.5	2017	104.5	2017	104.5	2017	104.5	2017	104.5
2018	104.5	2018	104.5	2018	104.5	2018	104.5	2018	104.5
2019	104.5	2019	104.5	2019	104.5	2019	104.5	2019	104.5
2020	104.5	2020	104.5	2020	104.5	2020	104.5	2020	104.5
2021	104.5	2021	104.5	2021	104.5	2021	104.5	2021	104.5
2022	104.5	2022	104.5	2022	104.5	2022	104.5	2022	104.5
2023	104.5	2023	104.5	2023	104.5	2023	104.5	2023	104.5
2024	104.5	2024	104.5	2024	104.5	2024	104.5	2024	104.5
2025	104.5	2025	104.5	2025	104.5	2025	104.5	2025	104.5
2026	104.5	2026	104.5	2026	104.5	2026	104.5	2026	104.5
2027	104.5	2027	104.5	2027	104.5	2027	104.5	2027	104.5
2028	104.5	2028	104.5	2028	104.5	2028	104.5	2028	104.5
2029	104.5	2029	104.5	2029	104.5	2029	104.5	2029	104.5
2030	104.5	2030	104.5	2030	104.5	2030	104.5	2030	104.5

STANDARD OIL ON LINE

STANDARD OIL ON LINE	STANDARD OIL ON LINE	STANDARD OIL ON LINE	STANDARD OIL ON LINE	STANDARD OIL ON LINE	STANDARD OIL ON LINE	STANDARD OIL ON LINE	STANDARD OIL ON LINE	STANDARD OIL ON LINE	STANDARD OIL ON LINE
1976	104.5	1976	104.5	1976	104.5	1976	104.5	1976	104.5
1977	104.5	1977	104.5	1977	104.5	1977	104.5	1977	104.5
1978	104.5	1978	104.5	1978	104.5	1978	104.5	1978	104.5
1979	104.5	1979	104.5	1979	104.5	1979	104.5	1979	104.5
1980	104.5	1980	104.5	1980	104.5	1980	104.5	1980	104.5
1981	104.5	1981	104.5	1981	104.5	1981	104.5	1981	104.5
1982	104.5	1982	104.5	1982	104.5	1982	104.5	1982	104.5
1983	104.5	1983	104.5	1983	104.5	1983	104.5	1983	104.5
1984	104.5	1984	104.5	1984	104.5	1984	104.5	1984	104.5
1985	104.5	1985	104.5	1985	104.5	1985	104.5	1985	104.5
1986	104.5	1986	104.5	1986	104.5	1986	104.5	1986	104.5
1987	104.5	1987	104.5	1987	104.5	1987	104.5	1987	104.5
1988	104.5	1988	104.5	1988	104.5	1988	104.5	1988	104.5
1989	104.5	1989	104.5	1989	104.5	1989	104.5	1989	104.5
1990	104.5	1990	104.5	1990	104.5	1990	104.5	1990	104.5
1991	104.5	1991	104.5	1991	104.5	1991	104.5	1991	104.5
1992	104.5	1992	104.5	1992	104.5	1992	104.5	1992	104.5
1993	104.5	1993	104.5	1993	104.5	1993	104.5	1993	104.5
1994	104.5	1994	104.5	1994	104.5	1994	104.5	1994	104.5
1995	104.5	1995	104.5	1995	104.5	1995	104.5	1995	104.5
1996	104.5	1996	104.5	1996	104.5	1996	104.5	1996	104.5
1997	104.5	1997	104.5	1997	104.5	1997	104.5	1997	104.5
1998	104.5	1998	104.5	1998	104.5	1998	104.5	1998	104.5
1999	104.5	1999	104.5	1999	104.5	1999	104.5	1999	104.5
2000	104.5	2000	104.5	2000	104.5	2000	104.5	2000	104.5
2001	104.5	2001	104.5	2001	104.5	2001	104.5	2001	104.5
2002	104.5	2002	104.5	2002	104.5	2002	104.5	2002	104.5
2003	104.5	2003	104.5	2003	104.5	2003	104.5	2003	104.5
2004	104.5	2004	104.5	2004	104.5	2004	104.5	2004	104.5
2005	104.5	2005	104.5	2005	104.5	2005	104.5	2005	104.5
2006	104.5	2006	104.5	2006	104.5	2006	104.5	2006	104.5
2007	104.5	2007	104.5	2007	104.5	2007	104.5	2007	104.5
2008	104.5	2008	104.5	2008	104.5	2008	104.5	2008	104.5
2009	104.5	2009	104.5	2009	104.5	2009	104.5	2009	104.5
2010	104.5	2010	104.5	2010	104.5	2010	104.5	2010	104.5
2011	104.5	2011	104.5	2011	104.5	2011	104.5	2011	104.5
2012	104.5	2012	104.5	2012	104.5	2012	104.5	2012	104.5
2013	104.5	2013	104.5	2013	104.5	2013	104.5	2013	104.5
2014	104.5	2014	104.5	2014	104.5	2014	104.5	2014	1

WALL STREET & OVERSEAS MARKETS

Up 9 on further bargain hunting

Pound improves

BY OUR WALL STREET CORRESPONDENT

FURTHER BARGAIN hunting the Presidential Election fast approaching, there might be some bullish corporate earnings statements and the revaluation of the German mark. The Dow Jones Industrial Average moved up 9.30 to 946.50 and the NYSE All Common Index rose 31 cents to \$54.21, while gains led losses by a two-to-one margin. But the trading volume further decreased 300,000 shares to 13.71m.

Analysts said the currency action was bullish for Wall Street. The Dow Jones Industrial Average moved up 9.30 to 946.50 and the NYSE All Common Index rose 31 cents to \$54.21, while gains led losses by a two-to-one margin. But the trading volume further decreased 300,000 shares to 13.71m.

There was also belief that the Federal Reserve Board may adopt a more accommodative monetary policy in an effort to bolster the nation's sluggish economy. The Fed's policy-making Open Market Committee will meet tomorrow to decide monetary policy for the next month.

Some analysts say that with the Presidential Election fast approaching, there might be some bullish corporate earnings statements and the revaluation of the German mark. The Dow Jones Industrial Average moved up 9.30 to 946.50 and the NYSE All Common Index rose 31 cents to \$54.21, while gains led losses by a two-to-one margin. But the trading volume further decreased 300,000 shares to 13.71m.

MONDAY'S ACTIVE STOCKS

Stocks	Change
Am. Tel. & Tel.	+1.12
Am. Express	+0.88
Am. Gas	+0.25
Am. Oil	+0.15
Am. Sugar	+0.10
Am. Tobacco	+0.05
Am. Water	+0.02
Am. Zinc	+0.01
Am. Iron	+0.01
Am. Steel	+0.01
Am. Copper	+0.01
Am. Aluminum	+0.01
Am. Lead	+0.01
Am. Tin	+0.01
Am. Silver	+0.01
Am. Gold	+0.01

Ind. div. yield % 4.10 4.03 4.08 4.00

STOCKS AND BONDS

Ind. div. yield % 4.10 4.03 4.08 4.00

STOCKS AND BONDS

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STOCKS AND BONDS

Ind. div. yield % 4.10 4.03 4.08 4.00

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Ind. div. yield % 4.10 4.03 4.08 4.00

STOCKS AND BONDS

Ind. div. yield % 4.10 4.03 4.08 4.00

STOCKS AND BONDS

Ind. div. yield % 4.10 4.03 4.08 4.00

STOCKS AND BONDS

Ind. div. yield % 4.10 4.03 4.08 4.00

STOCKS AND BONDS

Ind. div. yield % 4.10 4.03 4.08 4.00

STOCKS AND BONDS

Ind. div. yield % 4.10 4.03 4.08 4.00

STOCKS AND BONDS

Ind. div. yield % 4.10 4.03 4.08 4.00

STOCKS AND BONDS

Ind. div. yield % 4.10 4.03 4.08 4.00

shed 0.06 to 242.06 and Banks eased 0.04 to 240.46. ECE shed \$1 to \$4.95, although it reported a mineralisation find near Timmins, Ontario. Talcop firm \$1 at \$11 on its offer for a controlling interest in Bad Boy Appliances and Furniture.

OTHER MARKETS

PARIS—Slightly higher, ahead of the monthly Settlement next Thursday. Foods and Electricals showed the biggest gains. Engineerings were generally firmer. Hotels were mixed, while Stores weakened. Metals and Oils moved up. Motors and Chemicals were also firm.

BRUSSELS—Mixed to higher, encouraged by the revaluation of the German mark and the prospect of a return to stability on the Foreign Exchange Market. Metals were mixed to higher. Chemicals rose. Oils moved up, as did Holdings.

AMSTERDAM—Market Armed in reaction to news of the 2 per cent. reduction of the mark against the guilder. Dutch Internationals moved higher.

SWITZERLAND—Swiss issues narrowly mixed. Banks were fractionally lower. Industrials narrowly mixed, while

HONG KONG—Higher in decreased trading. Hong Kong Bank were up 30 cents to \$17.50. Hong Kong Land 5 cents to \$3.50. Hutchison 5 cents to \$3.05. Wheelock "A" 71 cents to 2.25. Jardine 40 cents to 1.80. Swire Pacific "A" 15 cents to 8.90. Hong Kong Electric 21 cents to 4.75. China Light 20 cents to 2.70. Hong Kong and Kowloon Wharf 20 cents to 1.20. YOKO—Moderately lower in the trading. Volume 100m (150m) shares.

GERMANY—Mostly maintained with some issues slipping lower. The realignment of stock currencies didn't really take Stock Markets by surprise, despite the repeated Government denials that such a move was in the offing. But there was still no impulse for stock prices to rise.

MILAN—Prices dropped around 2.5 per cent as the market continued its severe downward trend. The index hit its lowest level since 1938. Heavy sales dominated throughout. But intervention by State Banks and by the Bank of Italy, particularly among Blue Chips, reduced the extent of the fall.

COPENHAGEN—Sharply higher in fair dealings, with all sectors advancing. OSLO—Industrial and Bank issues were barely steady. Norwegian Shipings were quiet.

STOCKS AND BONDS

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STERLING improved in the foreign exchange market yesterday following the decision to re-align the currencies in the European snake. The revaluation of the West German mark was of help to the pound, following a period when speculation over a D-Mark revaluation has added to the pressure on sterling. Early trading was confused and the level of business was fairly thin throughout. The pound opened at \$1.640-1.640 in terms of the U.S. dollar, and touched a low point of \$1.630-1.630 before climbing steadily on good commercial demand in thin trading. In the afternoon sterling reached a peak of \$1.638-1.638, but eased at the close to \$1.635-1.635, a gain of 45 points on the week-end.

DISCOUNTS on forward sterling narrowed, with the three-month discount against the dollar closing at 5.55 cents compared with 6.05 cents on Friday. Market sources suggested that the authorities only intervened in the forward market during early trading, and that no support was given to the spot rate.

THE POUND'S trade-weighted average depreciation since the Washington Agreement, as calculated by the Bank of England, narrowed to 4.8 per cent, from 4.1 per cent, after standing at 4.5 per cent, at noon and 4.8 per cent, in early dealings.

THE DOLLAR'S depreciation, as calculated by Morgan Guaranty, narrowed to 2.39 per cent, from 2.41 per cent.

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FOREIGN EXCHANGES

City	Rate
London	1.635-1.635
Paris	1.635-1.635
Brussels	1.635-1.635
Amsterdam	1.635-1.635
Frankfurt	1.635-1.635
Zurich	1.635-1.635
Geneva	1.635-1.635
Basel	1.635-1.635
Bern	1.635-1.635
Lucerne	1.635-1.635
St. Gallen	1.635-1.635
Appenzel	1.635-1.635
Schaffhausen	1.635-1.635
Thurgau	1.635-1.635
Tessin	1.635-1.635
Vaud	1.635-1.635
Valais	1.635-1.635
Fribourg	1.635-1.635
Neuchâtel	1.635-1.635
Geneve	1.635-1.635
Lausanne	1.635-1.635
Montreux	1.635-1.635
Vevey	1.635-1.635
Yverdon	1.635-1.635
Nyon	1.635-1.635
Châtenay	1.635-1.635
Oron	1.635-1.635
Renens	1.635-1.635
St. Sulpice	1.635-1.635
Ecublens	1.635-1.635
Châtenay	1.635-1.635
Oron	1.635-1.635
Renens	1.635-1.635
St. Sulpice	1.635-1.635
Ecublens	1.635-1.635

SPECIAL DRAWING

City	Rate
London	1.635-1.635
Paris	1.635-1.635
Brussels	1.635-1.635
Amsterdam	1.635-1.635
Frankfurt	1.635-1.635
Zurich	1.635-1.635
Geneva	1.635-1.635
Basel	1.635-1.635
Bern	1.635-1.635
Lucerne	1.635-1.635
St. Gallen	1.635-1.635
Appenzel	1.635-1.635
Schaffhausen	1.635-1.635
Thurgau	1.635-1.635
Tessin	1.635-1.635
Vaud	1.635-1.635
Valais	1.635-1.635
Fribourg	1.635-1.635
Neuchâtel	1.635-1.635
Geneve	1.635-1.635
Lausanne	1.635-1.635
Montreux	1.635-1.635
Vevey	1.635-1.635
Yverdon	1.635-1.635
Nyon	1.635-1.635
Châtenay	1.635-1.635
Oron	1.635-1.635
Renens	1.635-1.635
St. Sulpice	1.635-1.635
Ecublens	1.635-1.635
Châtenay	1.635-1.635
Oron	1.635-1.635
Renens	1.635-1.635
St. Sulpice	1.635-1.635
Ecublens	1.635-1.635

EURO-CURRENCY INTEREST RATES

City	Rate
London	1.635-1.635
Paris	1.635-1.635
Brussels	1.635-1.635
Amsterdam	1.635-1.635
Frankfurt	1.635-1.635
Zurich	1.635-1.635
Geneva	1.635-1.635
Basel	1.635-1.635
Bern	1.635-1.635
Lucerne	1.635-1.635
St. Gallen	1.635-1.635
Appenzel	1.635-1.635
Schaffhausen	1.635-1.635
Thurgau	1.635-1.635
Tessin	1.635-1.635
Vaud	1.635-1.635
Valais	1.635-1.635
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Neuchâtel	1.635-1.635
Geneve	1.635-1.635
Lausanne	1.635-1.635
Montreux	1.635-1.635
Vevey	1.635-1.635
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Châtenay	1.635-1.635
Oron	1.635-1.635
Renens	1.635-1.635
St. Sulpice	1.635-1.635
Ecublens	1.635-1.635
Châtenay	1.635-1.635
Oron	1.635-1.635
Renens	1.635-1.635
St. Sulpice	1.635-1.635
Ecublens	1.635-1.635

FORWARD RATES

City	Rate
London	1.635-1.635
Paris	1.635-1.635
Brussels	1.635-1.635
Amsterdam	1.635-1.635
Frankfurt	1.635-1.635
Zurich	1.635-1.635
Geneva	1.635-1.635
Basel	1.635-1.635
Bern	1.635-1.635
Lucerne	1.635-1.635
St. Gallen	1.635-1.635
Appenzel	1.635-1.635
Schaffhausen	1.635-1.635
Thurgau	1.635-1.635
Tessin	1.635-1.635
Vaud	1.635-1.635
Valais	1.635-1.635
Fribourg	1.635-1.635
Neuchâtel	1.635-1.635
Geneve	1.635-1.635
Lausanne	1.635-1.635
Montreux	1.635-1.635
Vevey	1.635-1.635
Yverdon	1.635-1.635
Nyon	1.635-1.635
Châtenay	1.635-1.635
Oron	1.635-1.635
Renens	1.635-1.635
St. Sulpice	1.635-1.635
Ecublens	1.635-1.635
Châtenay	1.635-1.635
Oron	1.635-1.635
Renens	1.635-1.635
St. Sulpice	1.635-1.635
Ecublens	1.635-1.635

STOCKS AND BONDS

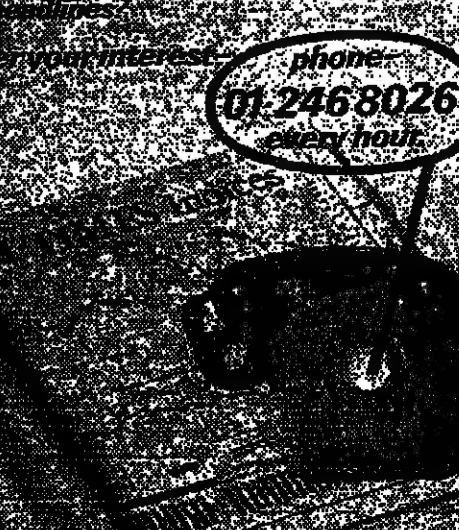
City	Rate
London	1.635-1.635
Paris	1.635-1.635
Brussels	1.635-1.635
Amsterdam	1.635-1.635
Frankfurt	1.635-1.635
Zurich	1.635-1.635
Geneva	1.635-1.635
Basel	1.635-1.635
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Lucerne	1.635-1.635
St. Gallen	1.635-1.635
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Schaffhausen	1.635-1.635
Thurgau	1.635-1.635
Tessin	1.635-1.635
Vaud	1.635-1.635
Valais	1.635-1.635
Fribourg	1.635-1.635
Neuchâtel	1.635-1.635
Geneve	1.635-1.635
Lausanne	1.63

Spiculis

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ENGINEERING—Continue

[illegible]

4	Lyndon Corp.	17	---	1.85	---
8	M.I. Holdings	50	---	3.47	---

[illegible]

Saville G. Duple	30	22.62	2
Senior Bar's Trip	13	1.04	2

[illegible]

Wrvick Eng. 20p	26	2.08	1.5
Weeks Assoc. 10p	16	2.05	3.0

[illegible]

Bishop's Stores...	128	02.11	4.5
Do. "A" N/V...	43	02.11	4.6

120	Bishop's Stores	128	10	22.11	44	25
121	Black & A. W. W.	129	10	44	44	44
122	Black & A. W. W.	130	10	44	44	44
123	Bris. Vandy & Co.	131	10	10.42	44	44
124	Bris. Vandy & Co.	132	10	44	44	44
125	Cadbury & Co.	133	10	2.47	44	44
126	Carroll & Co.	134	10	1.10.10	44	44
127	Carroll & Co.	135	10	1.10.10	44	44
128	Carroll & Co.	136	10	1.10.10	44	44
129	Carroll & Co.	137	10	1.10.10	44	44
130	Carroll & Co.	138	10	1.10.10	44	44
131	Carroll & Co.	139	10	1.10.10	44	44
132	Carroll & Co.	140	10	1.10.10	44	44
133	Carroll & Co.	141	10	1.10.10	44	44
134	Carroll & Co.	142	10	1.10.10	44	44
135	Carroll & Co.	143	10	1.10.10	44	44
136	Carroll & Co.	144	10	1.10.10	44	44
137	Carroll & Co.	145	10	1.10.10	44	44
138	Carroll & Co.	146	10	1.10.10	44	44
139	Carroll & Co.	147	10	1.10.10	44	44
140	Carroll & Co.	148	10	1.10.10	44	44
141	Carroll & Co.	149	10	1.10.10	44	44
142	Carroll & Co.	150	10	1.10.10	44	44
143	Carroll & Co.	151	10	1.10.10	44	44
144	Carroll & Co.	152	10	1.10.10	44	44
145	Carroll & Co.	153	10	1.10.10	44	44
146	Carroll & Co.	154	10	1.10.10	44	44
147	Carroll & Co.	155	10	1.10.10	44	44
148	Carroll & Co.	156	10	1.10.10	44	44
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154	Carroll & Co.	162	10	1.10.10	44	44
155	Carroll & Co.	163	10	1.10.10	44	44
156	Carroll & Co.	164	10	1.10.10	44	44
157	Carroll & Co.	165	10	1.10.10	44	44
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167	Carroll & Co.	175	10	1.10.10	44	44
168	Carroll & Co.	176	10	1.10.10	44	44
169	Carroll & Co.	177	10	1.10.10	44	44
170	Carroll & Co.	178	10	1.10.10	44	44
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248	Carroll & Co.	256	10	1.10.10	44	44
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261	Carroll & Co.	269	10	1.10.10	44	44
262	Carroll & Co.	270	10	1.10.10	44	44
263	Carroll & Co.	271	10	1.10.10	44	44
264	Carroll & Co.	272	10	1.10.10	44	44
265	Carroll & Co.	273	10	1.10.10	44	44
266	Carroll & Co.	274	10	1.10.10	44	44
267	Carroll & Co.	275	10	1.10.10	44	44
268	Carroll & Co.	276	10	1.10.10	44	44
269	Carroll & Co.	277	10	1.10.10	44	44
270	Carroll & Co.	278	10	1.10.10	44	44
271	Carroll & Co.	279	10	1.10.10	44	44
272	Carroll & Co.	280	10	1.10.10	44	44
273	Carroll & Co.	281	10	1.10.10	44	44
274	Carroll & Co.	282	10	1.10.10	44	44
275	Carroll & Co.	283	10	1.10.10	44	44
276	Carroll & Co.	284	10	1.10.10	44	44
277	Carroll & Co.	285	10	1.10.10	44	44
278	Carroll & Co.	286	10	1.10.10	44	44
279	Carroll & Co.	287	10	1.10.10	44	44
280	Carroll & Co.	288	10	1.10.10	44	44
281	Carroll & Co.	289	10	1.10.10	44	44
282	Carroll & Co.	290	10	1.10.10	44	44
283	Carroll & Co.	291	10	1.10.10	44	44
284	Carroll & Co.	292	10	1.10.10	44	44
285	Carroll & Co.	293	10	1.10.10	44	44
286	Carroll & Co.	294	10	1.10.10	44	44
287	Carroll & Co.	295	10	1.10.10	44	44
288	Carroll & Co.	296	10	1.10.10	44	44
289	Carroll & Co.	297	10	1.10.10	44	44
290	Carroll & Co.	298	10	1.10.10	44	44
291	Carroll & Co.	299	10	1.10.10	44	44
292	Carroll & Co.	300	10	1.10.10	44	44
293	Carroll & Co.	301	10	1.10.10	44	44
294	Carroll & Co.	302	10	1.10.10	44	44
295	Carroll & Co.	303	10	1.10.10	44	44
296	Carroll & Co.	304	10	1.10.10	44	44
297	Carroll & Co.	305	10	1.10.10	44	44
298	Carroll & Co.	306	10	1.10.10	44	44
299	Carroll & Co.	307	10	1.10.10	44	44
300	Carroll & Co.	308	10	1.10.10	44	44
301	Carroll & Co.	309	10	1.10.10	44	44
302	Carroll & Co.	310	10	1.10.10	44	44
303	Carroll & Co.	311	10	1.10.10	44	44
304	Carroll & Co.	312	10	1.10.10	44	44
305	Carroll & Co.	313	10	1.10.10	44	44
306	Carroll & Co.	314	10	1.10.10	44	44
307	Carroll & Co.	315	10	1.10.10	44	44
308	Carroll & Co.	316	10	1.10.10	44	44
309	Carroll & Co.	317	10	1.10.10	44	44
310	Carroll & Co.	318	10	1.10.10	44	44
311	Carroll & Co.	319	10	1.10.10	44	44
312	Carroll & Co.	320	10	1.10.10	44	44
313	Carroll & Co.	321	10	1.10.10		

De Vere Hotels	80	13.12	6.9	7
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75-
4

De Vere Hotels	22	23.42	69	2.3	2.2
Spencer's	14				

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FINANCIAL TIMES

Tuesday October 19 1978



Japanese pledge to buy more British goods

BY ADRIAN HAMILTON

LEADERS of Japanese industry yesterday assured the British Government and the Confederation of British Industry that Japan would open its market more to British exports.

But in talks between the two sides in London the Japanese held firmly to the view that the U.K. was exaggerating the trade imbalance between the two countries.

The Japanese industrialists, a delegation from the Federation of Japanese Organisations (Kaidanren), are visiting various European capitals.

The delegation, which will see the Prime Minister and the Chancellor to-day, yesterday met briefly with Mr. Edmund Dell, Trade Secretary, before the talks at the CBI.

Little emerged from the talks, which were largely concerned with what the British side said was a lack of openness of the Japanese market to British goods.

But the feeling from remarks made by the Kaidanren leaders was that the Japanese were taking seriously European irritation with the trade imbalance between the two areas, and that Japan was ready to open its market to imports.

But the Kaidanren representatives made clear that their major interest was in high technology areas rather than consumer goods. They pointed out that EMI's brain and body scanners were being sold in Japan, and that Japanese hospitals were increasing numbers to Japanese hospitals.

Both Concordia and a possible development of the BAC One-eleven airliner were touched on, although largely in terms of technical interchange. Some interest was expressed in aviation equipment such as radar.

On the British side both Mr. Dell and Lord Watkinson, the Kaidanren delegation, expressed their concern over the large trade gap between Japan and Britain and the relatively low proportion of manufactured goods imported into Japan from Western Europe.

At the CBI meeting members were allowed to question the Kaidanren delegation, especially to the difficulties of exporting to Japan in such areas as motor components, electronic equipment, aerospace products, ball bearings, Scotch whisky and tobacco.

The delegation is due to go to London to Germany, Belgium and France. It is clear that the Japanese are unwilling to commit themselves until they have completed their tour.

Parliament Page 10

10% ANTI-DUMPING DUTY IMPOSED AGAINST SPAIN

More steel import curbs may come

BY ROY HODSON

THE Government yesterday took the first of what may be a series of protective measures against the importation of cheap foreign steel. This was imposition of a 10 per cent anti-dumping duty on some Spanish steel.

Feeling is running high among British steel companies about what they allege is foreign dumping of steel prices.

Mr. Robson Davies, managing director of Osborn Steels and chairman of the special steel product group of the British Independent Steel Producers' Association, claimed that about 1,500 jobs in Sheffield had been lost because of the penetration of cheap foreign output.

When the measure against Spanish steel was announced to the Commons by Mr. Michael Meacher, Trade Under-Secretary of State, he added that the European Commission... had approached Swedish and Austrian authorities at Britain's request.

Mr. Meacher commented on an understanding which has been reached between Britain and Japan to limit some Japanese steel exports to Britain and to observe certain price levels. The in the range of half-inch to 3-inch diameter.

Mr. Edmund Dell, Trade Secretary, has imposed a provisional anti-dumping duty of 10 per cent on Spanish stainless steel imports for three months. During that time the department will investigate allegations of Spanish dumping which have come from the association.

Companies say that Spanish-made stainless steel bars are being offered in Britain at as much as 35 per cent below ruling home prices. It is particularly easy to point out unfairness in the pricing of high quality steel because a high proportion of the cost of making the steel is the cost of raw materials which have a standard price on international markets.

The trade in Spanish stainless steel bars in Britain has grown to more than 200,000 tons a year, representing about 1,500 tons of bars. The Government is considering other anti-dumping applications by the association covering types of special steel from Austria and Sweden.

W. Germany joins fight against cheap cars

BY ROBIN REEVES IN BRUSSELS AND TERRY DODSWORTH IN LONDON

THE MOTOR industry's kind. A dossier of East European car prices in the U.K. has been presented to the directorate together with the complaint that these were not fair prices.

If the society wants to take the issue further, it has two courses of action open to it: to go ahead with a formal dumping charge against the east Europeans on its own account, or to try to enlist British Government support for EEC action.

Not receptive

The second course does not seem particularly promising. In the past the Government has not been receptive to complaints about east European cars, partly because it is believed that bilateral trading agreements which could be harmed by any action. So, although the Department of Trade is aware of the society's representations in Brussels, and is aware of the East European car prices in the U.K., it is not likely to make any unilateral moves.

The alternative for the society is to try to develop the issue on a pan-European scale. In the past, Fiat has made efforts to get concerted western European action against car imports from the east. In the longer term, such questions will have to be settled at a European level in any case, since from July dumping will be taken out of the hands of national governments and dealt with through the EEC.

Motor Show opening Page 11
Motor Industry survey Page 17

It is understood that the parallel motor industry organisation in West Germany has made similar representations to the EEC.

The Society's case was put forward recently at a secret meeting with the external relations directorate of the EEC, which deals with general commercial questions of this kind.

Retail sales barely hold firm as trade worries grow

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SALES IN SHOPS showed little change last month after the slight recovery in summer and there is concern in the retail trade that even this level of spending may not be sustained over the next few months.

The index for the volume of retail sales fell by about a third of one per cent to 106.7 (1971=100) seasonally adjusted, according to provisional Department of Industry figures published yesterday.

This is about the same as in July and August, while during the third quarter as a whole the volume of sales was nearly 2 per cent up on the previous three months and the highest since the second quarter of last year.

But the recovery has still been very modest since spending has been well below the level of 1972-74; the recent pick-up is by comparison with the depressed sales of the summer period after the Budget.

Sales during the third quarter appear to have been boosted by a successful summer sales season with consumers concentrating more of their durable purchases, in particular, during these special periods of price reductions.

Moreover, the main income tax changes and rebates, which came into full effect at the end of July, may have sustained spending last month, and the end of the cold spell may have aided trade in the autumn and winter clothes.

After allowing for these influences and the month-to-month fluctuations, the underlying level of sales appears fairly flat. The official hope until now has been that consumer spending would be broadly the same between the first and second halves of this year, though this may have to be revised slightly downwards depending on the extent of the further squeeze on real disposable income.

The Retail Consortium is taking a distinctly gloomy view about the outlook for retail sales and believes that the volume of spending may fall back. It suggests that any precautionary buying of durables ahead of a possible increase in VAT has been sporadic and localised so far.

RETAIL SALES VOLUME	
(Seasonally adjusted)	
1975	1971=100
1st	111.3
2nd	108.9
3rd	105.5
4th	105.8
1976	
1st	107.3
2nd	106.7
3rd	106.6
April	106.5
May	105.7
June	106.1
July	106.3
August	106.9
September	106.5

* Provisional
Source: Department of Industry

Continued from Page 1

West German bankers

Government believe that revaluation will reduce the embarrassment of inflows into the Federal Republic and may well stimulate outflows. It is also hoped that the more realistic rates will quieten things sufficiently to enable the central bank to control more effectively the domestic money supply.

The Bundesbank's potential difficulties, in that particular quarter can be gauged from the fact that Dr. Emminger estimated that net capital inflows this year totalled about DM12.5m (£200m).

It was made clear by officials that the West German Government and the central bank are committed firmly to the joint float. It is seen as an essential step towards the long-delayed plans for European economic and monetary union.

The argument is that it provides strong pressure for member countries to follow joint policies of economic stability.

Dr. Klagen pointed out that in a float of this kind it was quite reasonable for small adjustments to be made from time to time—if they did not happen too often. The revaluation was not large enough to hit West German exports but would serve to cut import prices.

The well-kept secret was the subject of exhaustive negotiations. Dr. Apel disclosed that he had had bilateral meetings at the International Monetary Fund meeting in Manila. Also consulted were Mr. William Simon, U.S. Treasury Secretary, Mr. Denis Healey, Chancellor, and the French Finance Minister. Dr. Apel said that Britain and France had expressed a desire eventually to rejoin the snake, although for the moment this was obviously out of the question.

Continued from Page 1

Swiss

ment had made its contribution by not following the D-mark revaluation as it might have done in view of the country's strong balance of payments.

The Swiss franc has accompanied the D-mark in its recent appreciation and Swiss bankers were yesterday among those arguing that the West German move was not decisive enough.

In Austria, however, the decision to follow the D-mark upwards against the weaker snake currencies was greeted with concern among the business community.

As other currencies were adjusting to the new D-mark rates, the Italian lira fell sharply as an emergency two-week 10 per cent tax on currency buying was lifted.

The Bank of Italy was reported to have intervened heavily on the side of the dollar, holding the rate at 1870 to the dollar, compared with 1844 on Friday.

THE LEX COLUMN

Burmah after its disposals

To-day is the last occasion on which the authorities can sell gilts for settlement within the current banking month, and both the short and long tags appear to be poised for further action. The long Treasury 15½ per cent 1998 was supplied yesterday on a moderate scale and the short Treasury 11½ per cent 1979 "A" is very close to what is believed to be the Government Broker's next price; it could run out (perhaps £150m, is left) if reasonable demand develops. With gilts looking firm, and sterling holding up well in the wake of the D-mark revaluation, a useful rally developed in equities yesterday.

Burmah Oil

In its last letter to stockholders in April, Burmah Oil had to omit the statement normally required by the Stock Exchange on the sufficiency of working capital. The new circular reaching stockholders this morning contains an assurance that after the further Bank of England support arrangements completed last month, working capital will indeed be adequate—but there is a proviso that this depends on permanent finance for the General Dynamics LNG tankers being arranged by the close of the year. At the end of June Burmah had \$80m tied up in this project, and probably more like £100m currently of which around £70m is expected to be repaid on permanent financing.

The main short term risk for Burmah now is that further delays will occur in these negotiations.

A pro-forma balance sheet shows net "tangible" assets of £368m—equivalent to 240p a share—and debt of £295m; as at last June 30. Allowing for disposal proceeds which had not then been received, borrowings would have come down to some £145m, but taking into account subsequent outgoings and the weakness of sterling the current figure is likely to be near £200m.

The balance sheet continues to be overshadowed by contractual commitments on tankers which despite modest progress on cancellations were higher in sterling terms on August 31 than last December.

Large losses will inevitably continue on tankers, and it will be "some time" before Burmah can generate a positive cash flow. As for the claim against expected for 1978-79. But City's enthusiasm may run well the Bank of England, that is Mothercare is budgeting for ahead of actual political developments.

Index rose 107 to 303.6

is confirmed that the Bank has formally rejected Burmah's demand.

Mothercare

Mothercare's remarkable performance in the six months to September—profits 41 per cent higher at £6.1m, pre-tax—is built around an increase of 29 per cent in U.K. sales. About 2 points of that rise stems from the traditional range, while new 16p higher to 140p yesterday, selling space and price inflation. At this level, the prospective each account for a further 8 p/e of 84 is about 14 points. However, the biggest below the comparable multiple component, contributing 11 for Marks and British Home points of the improvement. But the prospective Mothercare's new range for the year is roughly 14 points lower too, at 58 per cent.

Base rates

Barclays' decision to raise its base rate by a full two points following the recent 2 point rise in M.L.R. now looks increasingly justified. Yesterday, Williams and Glyn's brought its base rate into line with Barclays, and pressure must now be on the other clearers to follow suit.

In recent months short-term rates have been taking a few days to reflect fully a sharp rise in M.L.R. Partly because of this, and partly because of sizeable sales of gilts by the authorities, short term money rates are now 5 to 10 year old child, which only accounted for about 1 per cent of sales last year and is now available in all but three of the 164 U.K. shops.

At the same time, the rise in operating costs in the oiler stores is being passed back to 30 per cent or less, thanks in particular to a slowdown in the rate of wage inflation to around 10 or 12 per cent. Finally, the overseas operation is doing substantially better after several dull years. Helped by sterling's weakness, profits have jumped by more than half to £296,000.

Sales of the new range, which has recently been increased from 200 to 300 times, remain on an accelerating trend, and overall profits growth in the current year of roughly 20 per cent to nearly £12m is now in view.

Thereafter, the rate of physical expansion in the U.K. will slow down somewhat from the figure of nearly 15 per cent expected for 1978-79. But City's enthusiasm may run well the Bank of England, that is Mothercare is budgeting for ahead of actual political developments.

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Japan trade surplus doubles to \$1.2bn.

BY DOUGLAS RAMSEY

TOKYO, Oct. 18.

JAPAN'S TRADE surplus doubled in September to \$1.2bn, the highest since March, bringing accumulated excess of exports over imports to more than \$50bn in the first half of fiscal 1978.

A crude extrapolation of this performance, would place Japan's foreign trade well on the way to the \$100bn surplus which Government economists until recently said could not happen.

Finance Ministry officials had been predicting a levelling-off of exports, if at a high plateau, from September onwards.

This has apparently not happened, nor has the expected upsurge in imports, which grew by 5.5 per cent in April-June (over the previous quarter), but slowed to a 4.4 per cent rise in July-September.

Imports went up by only 2.3 per cent, over August, against the 13.6 per cent month-to-month increase in exports.

The current account balance in September, at \$800m, was the highest since March, and a significant turnaround from the \$37m deficit registered in September, 1975.

On a seasonally-adjusted basis, overall balance of payments for September was \$220m, for September a major improvement on the year-to-date \$104m deficit, even though the long-term capital account was in somewhat greater deficit at \$280m, than the \$247m in September, 1975.

For the quarter to September, Japan had a net long-term capital flow of \$333m, for the first time since the last quarter of 1975.

In the first half of fiscal 1978 (April-September), imports from the U.S. were about the same as in the corresponding months of 1975, but exports to that country went up 83 per cent.

Similarly, exports to the EEC went up 30 per cent, with imports from the Nine up by only 6 per cent.

Trade with Britain, according to the preliminary figures, was down for the half, on both exports and imports. But in September, Japan's imports from Britain were down almost 20 per cent on the same month of 1975, with exports to Britain up 20 per cent.

Water supply assured

BY STUART ALEXANDER

WATER supplies of at least the standard and quantity of this year are assured for 1977 and are likely to be better. Lord Nugent, chairman of the National Water Council, said yesterday: "The study we have made in consultation with regional water authorities shows that even if the remainder of the winter is very dry a combination of urgent action by the water industry and careful use of water by consumers will put us in a sound position next spring to meet another dry summer."

Lord Nugent was presenting an urgent study of supply prospects for 1977 commissioned on August 10 by Mr. John Silkin, then Minister for Planning and Local Government, and delivered last Friday to Mr. Denis Howell, Minister with special responsibility for water resources.

The report shows the need for a continuing capital programme and says that in the period January, 1976, to September, 1977, the industry's supply system will have been reinforced by £118m of works in the original programme, £66m on other permanent works and £3m on temporary works.

Increased costs and net loss of revenue may mean that the net cost of the drought in water authority revenue accounts may well amount to £35m, says the report, but the incidence would vary between authorities. This could lead to increases in charges of up to 20 per cent.

Lord Nugent said he did not expect that there would be an equalisation scheme to spread the cost across all authorities, and extra charges would be made where the cost had been incurred.

Weather

U.K. TO-DAY
CLOUDY with rain in places. London, S.E. England, E. Anglia, Midlands, Channel Is., Wales
Dry and bright, becoming cloudy with rain from the W. Wind light becoming moderate. Max. 13C (55F).
S.W. England
Rain with sunny intervals later. Wind moderate, becoming strong to gale. Max. 14C (57F).
N.W. & N. England
Sunny with scattered showers.

BUSINESS CENTRES

Y-day	mid-day	Y-day	mid-day
Albany	12	25	12
Barcelona	12	25	12
Bombay	12	25	12
Buenos Aires	12	25	12
Calcutta	12	25	12
Canton	12	25	12
Cebu	12	25	12
Hankow	12	25	12
Hong Kong	12	25	12
Kobe	12	25	12
London	12	25	12
Lyons	12	25	12
Manila	12	25	12
Medan	12	25	12
Shanghai	12	25	12
Singapore	12	25	12
Tokyo	12	25	12
Yokohama	12	25	12

HOLIDAY RESORTS

Y-day	mid-day	Y-day	mid-day
Albany	12	25	12
Barcelona	12	25	12
Bombay	12	25	12
Buenos Aires	12	25	12
Calcutta	12	25	12
Canton	12	25	12
Cebu	12	25	12
Hankow	12	25	12
Hong Kong	12	25	12
Kobe	12	25	12
London	12	25	12
Lyons	12	25	12
Manila	12	25	12
Medan	12	25	12
Shanghai	12	25	12
Singapore	12	25	12
Tokyo	12	25	12
Yokohama	12	25	12

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